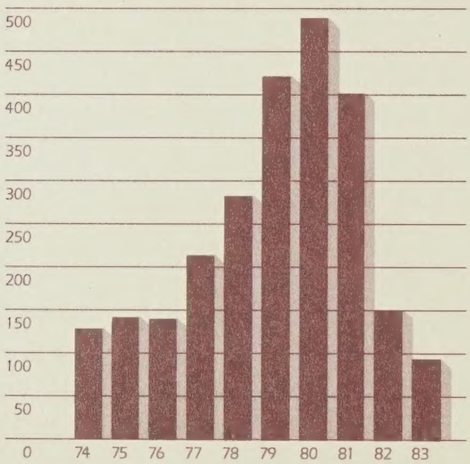
Canadian Pacific **Enterprises** Limited

Annual Report 1983

Summarized Statement of Net Income

(in millions)	1983	1982	Increase or (Decrease)
Oil and Gas	**$209.9**	$200.9	$ 9.0
Mines and Minerals	**(25.5)**	(13.2)	(12.3)
Forest Products	**(98.8)**	(97.3)	(1.5)
Iron and Steel	**(93.4)**	(25.7)	(67.7)
Real Estate	**25.9**	26.2	(0.3)
Agriproducts	**20.6**	16.6	4.0
Other Businesses	**15.3**	15.2	0.1
Financial	**8.9**	27.4	(18.5)
Income before extraordinary item	**62.9**	150.1	(87.2)
Extraordinary item	**31.4**	—	31.4
Net Income	**$ 94.3**	$150.1	$(55.8)
Per common share:			
Income before extraordinary item	**$ 0.41**	$ 1.05	$(0.64)
Net income	**0.61**	1.05	(0.44)
Dividends	**0.80**	0.96	(0.16)

Consolidated Net Income
(in millions of dollars)



The Annual Meeting of Shareholders will be held in the Palliser Hotel, Calgary, Alberta, on Friday, April 27, 1984 at 11:00 a.m. (Calgary time)

To the Shareholders

Robert W. Campbell
Vice-Chairman and Chief Executive Officer

Stuart E. Eagles
President

In 1983, the North American economy experienced a modest recovery, due largely to a strengthening in consumer spending. However, capital spending remained weak, resulting in poor demand and depressed prices for many products produced by the Corporation's subsidiaries. These adverse market conditions made 1983 a difficult year for the Corporation.

Consolidated net income before extraordinary item amounted to $62.9 million, or 41¢ per common share, compared with net income of $150.1 million, or $1.05 per share, in 1982. Consolidated net income, including an extraordinary item, amounted to $94.3 million, or 61¢ per share. The extraordinary item represents the net gain on the sale late in the year of Canadian Pacific Hotels Limited to Canadian Pacific Air Lines, Limited.

Dividends and Shares

Net income of the Corporation on an unconsolidated basis, consisting mainly of dividends from subsidiaries but excluding the extraordinary item, amounted to $183.4 million, or $1.19 per common share. This compared with $179.7 million, or $1.26 per share, in 1982. From these earnings, the Corporation declared dividends of 80¢ per share in 1983, and 96¢ per share in 1982.

The weighted average number of common shares outstanding rose to 154 million from 143 million in 1982, reflecting the full year's impact of an issue of 11.3 million common shares made in late 1982. In addition, 467,000 shares were issued in 1983 under the Shareholder Dividend Reinvestment and Share Purchase Plan.

Sector Results

Enterprises' earnings were down, due largely to a sharp increase in the loss incurred by the Iron and Steel sector and, to a lesser extent, from reductions in the Financial and Mines and Minerals sectors. Earnings from the Oil and Gas and Agriproducts sectors showed improvement. The Forest Products sector recorded a large loss in the current year, much the same as in 1982.

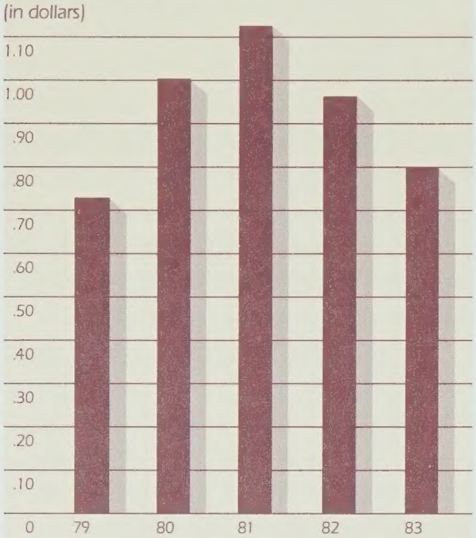
In the Iron and Steel sector, the loss from Algoma Steel was higher, reflecting depressed selling prices and a drop in demand for the company's higher margin products. AMCA International's results deteriorated because of weak markets for capital goods which substantially reduced sales volumes and selling prices. In addition, AMCA's results in 1983 included a provision for write-offs related to discontinuance of certain operations.

Earnings from the Financial sector declined significantly from 1982 when there were gains on sale of investments.

In Mines and Minerals, Cominco's loss was greater than in 1982 when there was a gain on sale of oil and gas properties. Cominco's operating results improved slightly because of higher profit margins on zinc, copper and silver. Fording Coal's earnings declined as a result of lower coal prices and reduced volumes, the latter due in part to a two month strike by mineworkers affiliated with the United Steelworkers of America.

To the Shareholders

Dividends per Common Share
(in dollars)



Although the loss from the Forest Products sector differed little from 1982, there were offsetting swings in the results of Great Lakes Forest Products and CIP Inc. Great Lakes' results were adversely affected by lower prices for kraft pulp and newsprint. The lower loss from CIP Inc. reflected lower interest expense and reduced losses from an affiliate, Tahsis Company Ltd., partially offset by a reduced price for newsprint.

The higher earnings from Oil and Gas were attributable mainly to better prices and increased production of oil. Income of Agriproducts was higher, largely reflecting the improved performance of rendering operations and flour and bakery businesses as well as increased international grain trading.

Activities in 1983

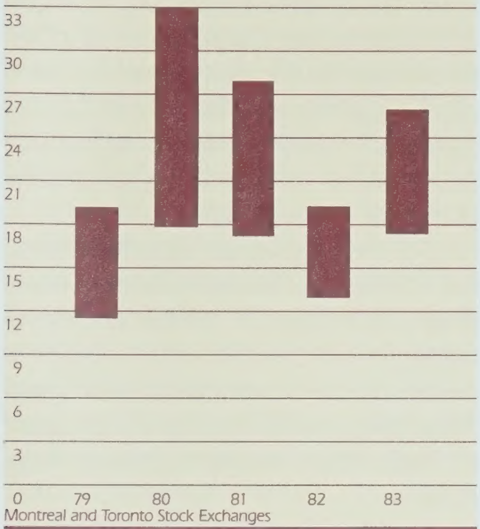
In view of difficult conditions in 1982 and 1983, the Corporation and its subsidiaries introduced programs in those years which were designed to conserve cash and reduce costs. These programs included curtailing operations, reducing employee levels and minimizing capital expenditures.

Other measures undertaken by the Corporation and certain subsidiaries in 1983 included divestiture and retrenchment programs. Enterprises sold its subsidiary, Canadian Pacific Hotels Limited, to Canadian Pacific Air Lines, Limited. Algoma permanently closed the bar and strip mill, the ball mill and the merchant mill which were technologically obsolete. This allowed concentration of capital and management effort on major product lines with the objective of improving productivity. AMCA International announced the discontinuance of certain oil field equipment and crane businesses. These activities were not consistent with AMCA's strategic or investment return objectives and their discontinuance, while lowering 1983 results, will enhance future earnings.

As a result of completion of major projects and tight control over spending, consolidated capital expenditures amounted to \$640 million in 1983, a substantial decrease from \$1,265 million in 1982 and \$1,555 million in 1981. Most of the decline took place in the Mines and Minerals, Forest Products and Iron and Steel sectors.

Aside from incurring expenditures which were necessary to maintain plant and equipment in efficient order, most subsidiaries either undertook or completed projects in 1983 designed to improve their efficiency and competitive position. PanCanadian maintained a high level of exploration activity in Western Canada during 1983, with emphasis on the search for oil. In Saskatchewan, exploration and development activities were expanded, as a result of improved economic returns arising from government programs and policy changes. Activity also continued in areas offshore eastern Canada, the United States and the North Sea.

Market Price Range per Common Share
(in dollars)



During the year, Cominco completed various projects at its Trail metallurgical plant and Sullivan mine operations as part of its continuing program to modernize and improve these facilities. The most significant of these projects was the new zinc plant at Trail which reached commercial operating levels in the summer and has resulted in cost savings. Feasibility studies on the Red Dog zinc-lead-silver property in Alaska progressed and, in late 1983, development began on a gold mine in Nevada.

Much of Great Lakes' modernization and expansion program at Dryden was completed. The new kraft pulp mill began operations in January 1983, while the new stud lumber facility commenced shipments in June 1983. Installation of the new fine paper machine at Dryden resumed in 1983 and the project is scheduled for completion in the first quarter of 1984.

Marathon Realty's expenditures on office buildings were largely directed towards the completion of University Place in downtown Toronto and major renovations to a recently acquired building in Scarborough, Ontario. In addition, Marathon acquired a shopping centre in Bedford, Nova Scotia, and completed expansions of shopping centres in Ste. Foy, Quebec and Orleans, Ontario.

During 1983, Maple Leaf Mills added to its flour and poultry businesses through the acquisition of Phenix Flour in Quebec and a poultry operation in Ontario.

Recent Performance and Outlook

Demand for certain products improved in the latter part of 1983, in response to a strengthening economy. Cominco benefitted from increased sales volumes of most products and an upturn in zinc prices. Results of both CIP and Great Lakes reflected higher sales volumes for newsprint and pulp. Algoma Steel experienced improved demand for finished steel products, particularly sheet and strip.

In 1984 the Corporation's earnings are expected to benefit from continued economic growth, efficiency improvements and cost control programs. However, the major stimulus will come from a resurgence of capital spending activity which is not expected to occur until later in the year.

Officers and Employees

The Directors acknowledge with appreciation the dedication and efforts of the officers and employees of the Corporation and its subsidiaries who have worked hard to overcome the problems encountered in 1983.

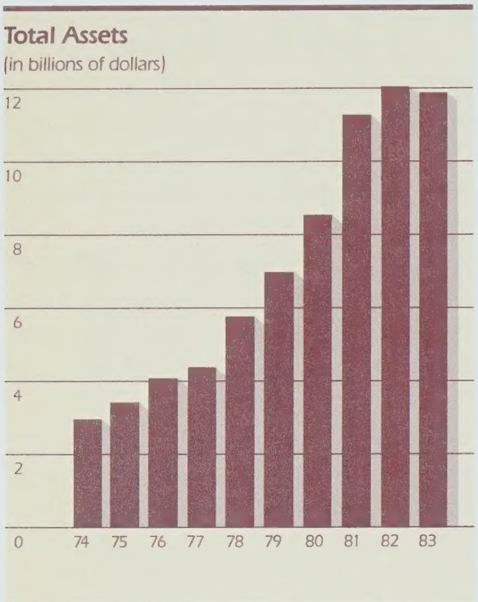
For the Directors,

President

Vice-Chairman and
Chief Executive Officer

Calgary, March 2, 1984

Financial Review



Over the last three years Enterprises' consolidated assets increased $3.4 billion to $11.9 billion at December 31, 1983. Working capital was $1.2 billion, largely unchanged from the end of 1980. Net investment in properties totalled $7.7 billion, up from $4.7 billion at December 31, 1980.

The increase in assets was largely financed through funds from operations and long term debt. Funds generated by operations totalled $2.1 billion and consolidated long term debt increased $2.1 billion from the end of 1980 to 1983. In addition to these sources, the Corporation raised a total of $239 million over the period through the issuance of common shares for cash. Subsidiaries made public issues of common shares amounting to $304 million, of which $167 million was taken up by the Corporation. Dividend payments totalled $704 million, including $284 million to minority shareholders of subsidiary companies. Late in the year Enterprises sold its subsidiary, Canadian Pacific Hotels Limited, to Canadian Pacific Air Lines, Limited for $125 million.

During 1983, PanCanadian's financing requirements were met by funds from operations. Expenditures on exploration for and the development of oil and gas reserves were $222 million, net of estimated Petroleum Incentive Program grants of $45 million. The proceeds of a $50 million debenture issue were used to refinance term bank loans. Other term bank loans, totalling $22 million, were repaid from operating cash flow.

Cominco raised $100 million through the issuance of common shares. Enterprises purchased a sufficient number of shares at the public offering price to maintain its 54.3% interest. The proceeds together with funds from operations were used to reduce term debt by $47 million and fund capital expenditures of $106 million.

To meet its cash requirements, CIP increased its borrowings from third parties by $34 million and from Canadian Pacific Securities by $50 million. In the fourth quarter, CIP used the proceeds of its common share issue of $150 million mainly to reduce term debt.

In 1983, Great Lakes completed a U.S. $25 million borrowing for a term of seven years. The proceeds were applied to reduce debt at floating interest rates. Capital expenditures of $51 million were largely for the Dryden modernization program and various environmental projects.

Algoma Steel issued $95 million of convertible preference shares, the proceeds of which were used to reduce short term debt. The Corporation's interest in Algoma would be reduced to 50.3% from 61.2% assuming conversion of these preference shares. As a result of negative funds from operations and a capital spending program of $32 million, Algoma's term debt increased $44 million.

AMCA International completed a redeemable retractable preferred share issue of $75 million and arranged a net increase in term borrowings of $52 million. These proceeds were used to provide additional working capital. Capital expenditures of $31 million were substantially reduced from 1982.

Debt financing for Enterprises' companies is arranged not only with outside financial institutions, but also through Canadian Pacific Securities Limited, a wholly-owned subsidiary of Enterprises, which raises monies by way of bank loans, short term promissory notes and medium and long term borrowings. In 1983, Canadian Pacific Securities arranged term debt of $112 million to refinance term borrowings of $33 million and provide additional term loans to various companies in the Enterprises group.

Commitments of operating subsidiaries at the end of 1983 for capital expenditures totalled $260 million. This represents a significant decrease from commitments at year end 1982 of $364 million, and from commitments at year end 1981 of $988 million. Commitments cover projects in all sectors. The principal commitments include unexpended balances on approved capital projects for Cominco, Algoma, AMCA and Marathon.

Cominco's commitments total $80 million of which $38 million is expected to be spent in 1984. These expenditures include the continued modernization and expansion of the Trail metallurgical plants and mechanization of the Sullivan mine. Funds to finance these capital expenditures will be available from internally generated funds and existing bank facilities.

Algoma Steel's capital commitments of $72 million are mainly for a new coke oven battery on which construction has been deferred. AMCA's commitments for capital expenditures in 1984 total $51 million. Unused credit facilities are available to meet these commitments.

At the end of 1983, Marathon's capital commitments totalled $35 million which include the completion of existing projects and land purchases. Long term mortgages and short term and medium term loans will provide the financing for these expenditures.

At the end of 1983, total unused funds available from term loans for term financing amounted to $1.1 billion, at interest rates varying with bank prime or money market rates, with commitment fees on $1.0 billion ranging from ⅛% to ¼%. Unused lines of credit for short term financing, subject to customary right of review at any time, repayable on demand and at various maturities up to 365 days, amounted to $1.0 billion on which interest varies with bank prime or money market rates.

Review of Operations

Oil and Gas

PanCanadian Petroleum Limited

Net income from PanCanadian Petroleum, owned 87.1% by Enterprises, amounted to $209.9 million in 1983, an increase of $9.0 million over 1982 and $32.5 million over 1981.

Total revenues reported by PanCanadian were $884 million in 1983, up from $793 million in 1982 and $642 million in 1981. The increase in 1983 was attributable mainly to improved prices and increased production of oil, the latter due to strong export demand. Sales from the new methanol plant also contributed to the higher revenues. These factors were partially offset by a lower sales volume of natural gas. The higher revenues in 1982 resulted from improved prices for oil and natural gas and increased production of natural gas and natural gas liquids.

Expenses of $643 million in 1983 compared with $562 million in 1982 and $438 million in 1981. The increase in 1983 reflected higher operating costs and depletion and depreciation expense, associated both with the commencement of the methanol plant operations and an increase in the number of producing properties. In 1982, expenses were up primarily due to costs arising from a greater number of producing properties and to higher income and revenue taxes.

As a result of the fall in world oil prices, federal and provincial governments took steps in 1983 and early 1984 to restore a more stable and optimistic environment for the Canadian petroleum industry. Included in these actions was an amending agreement to the oil and gas pricing provisions of the 1981 agreement between the federal government and Alberta and the introduction of a volume related pricing scheme for gas exports.

Under this amending agreement, which applies from July 1, 1983 to December 31, 1984, old oil prices are held at the current level, approximately 82% of the international crude oil price in Montreal. This price was not rolled back to 75% of the international price but it is not to exceed the international price.

The new agreement also provided that oil discovered from 1974 through 1980 and oil from certain development wells completed after June 30, 1983 would receive new oil prices. In addition, a revised method for determining new oil prices, which is based on current international crude oil values, came into effect January 1, 1984.

In 1983, the Canadian government decreased the price of gas exports to the United States to U.S. $4.40 per million BTU's from $4.94. The volume related pricing scheme for natural gas exports which will be in effect through October 1984 provides for a further reduction in the price to U.S. $3.40 per million BTU's for sales in excess of defined volumes.

PanCanadian's earnings depend largely on sales volume, provincial and federal government energy policies and on the international price of crude oil. In 1984, these factors are not expected to undergo any significant change.

Mines and Minerals

Cominco Ltd.

The net loss from Cominco, in which Enterprises has a 54.3% interest, amounted to \$30.0 million, compared with a loss of \$23.5 million in 1982 and earnings of \$35.6 million in 1981.

Cominco's total revenues were \$1,388 million, compared with \$1,277 million in 1982 and \$1,464 million in 1981. Included in revenue is income from Cominco's 40% interest in Fording Coal. In 1982, Cominco's revenues included a net gain from the sale of oil and gas properties which amounted to \$18.1 million. The principal factors contributing to the revenue improvement in 1983 were increased sales volumes of all products except gold and higher prices for silver, zinc, gold and copper. These factors were partially offset by lower prices for lead and chemical and fertilizer products. The decline in revenues in 1982 reflected depressed prices for most products and reduced sales volumes of refined zinc and fertilizers.

Total expenses amounted to \$1,431 million, up from \$1,311 million in 1982 and \$1,380 million in 1981. The rise in costs for 1983 was primarily due to higher sales and production volumes. Increased depreciation expense and costs relating to the suspension of operations at Pine Point Mines in the first half of 1983 also contributed to the increase. These factors were partially offset by lower production costs for copper at the new Valley Mine and reduced interest expense resulting from lower rates. The decline in expenses in 1982 was largely associated with lower production levels.

In early 1984, Cominco sold its interests in Tara Exploration and Development Company Limited and a small tertiary oil recovery project in the United States. Provision for a marginal loss resulting from the sale of Tara for \$23 million was made in the company's accounts prior to year-end 1983. The tertiary oil recovery project was sold for \$10 million and the net after-tax profit of approximately \$5 million will be reflected upon closing, probably during the first quarter of 1984.

In view of the expected continuation of economic growth in North America, both demand for and prices of Cominco's major products should follow the upward trend that began in the latter part of 1983. A sustained improvement, particularly in the U.S. economy, would have a positive effect on earnings.

Fording Coal Limited

Fording Coal, owned 60% by Enterprises and 40% by Cominco, had net income of \$4.4 million in 1983. This compared with earnings of \$12.1 million in 1982 and a loss of \$2.2 million in 1981. In addition to its direct share of these results and its equity in Cominco's interest, Enterprises received ownership payments from Fording of some \$1.9 million in 1983, \$3.0 million in 1982 and \$1.0 million in 1981.

Total revenues in 1983 were \$217 million, compared with \$269 million in 1982 and \$247 million in 1981. The decrease in 1983 reflected a 14% reduction in volume resulting from lower sales to Japanese customers and a two month strike by mineworkers. The strike was settled in September 1983 with the signing of a new two year contract. A decrease in coal selling prices also contributed to the lower revenues. In 1982, the increase in revenue reflected a significant improvement in the selling price of coal, which more than compensated for a reduction in volume.

Fording's expenses totalled \$213 million in 1983, \$257 million in 1982 and \$249 million in 1981. The principal factors accounting for the expense reduction in 1983 were the lower sales volume and increased operating efficiency. The increase in 1982 expenses was mainly attributable to higher labour and energy costs and increased income taxes and interest expense, partially offset by the effects of lower volumes and increased operating efficiency.

Oversupply conditions in the world coal industry are expected to persist in 1984. Fording's sales and production volumes however are expected to show some improvement, partly because of the impact of the strike in 1983.

Steep Rock Resources Inc.

Enterprises' 79.6% share of net income from Steep Rock Resources Inc., formerly Steep Rock Iron Mines Limited, amounted to \$846,000. This was a decline from \$1.4 million in 1982 and \$2.8 million in 1981. Results in 1982 included non-recurring charges of \$2.0 million pertaining to obligations under a long term natural gas contract, and a write-off of certain development expenditures.

The company's earnings over the three year period were derived mainly from the investment of its funds. In 1982, its results reflected the downward trend in money market rates. During 1983 the company reduced its cash balances significantly through the payment of dividends, resulting in decreased investment income. Operating income increased slightly because of improved performance at the calcite division.

As a result of the distribution of funds surplus to the company's needs, earnings in 1984 will largely reflect the operation of the company's calcite division.

Review of Operations

Forest Products

CIP Inc.

CIP Inc. reported a loss of $83.6 million, which was a decrease of $18.2 million from the loss incurred in 1982. In 1981 the company incurred a loss of $19.7 million for the three month period following its acquisition by the Corporation on October 1. The reduced loss in 1983 was due principally to lower interest expense and reduced losses from an affiliate. Operating losses increased as a result of weak prices, particularly for newsprint, which were only partially offset by higher sales volumes.

Revenues amounted to $1,207 million, up from $1,107 million in 1982. The increase arose primarily because of a higher sales volume for all products, particularly packaging. In 1982 packaging sales volumes were reduced on account of strikes at CIP's container plants. Lower losses from an affiliated pulp and lumber operation, Tahsis Company Ltd., also contributed to the improvement. These factors were partially offset by weak newsprint prices.

In 1983 total expenses were $1,302 million, up from $1,213 million in 1982. While interest expense was considerably lower, reflecting reduced interest rates and a reduction of debt in the fourth quarter, total expenses were up reflecting increased sales volumes and escalation of costs.

Continued economic recovery in 1984 should result in improvement in CIP's results.

Labour contracts with unions representing a majority of employees must be renegotiated in 1984.

Great Lakes Forest Products Limited

Enterprises' loss from its 54.3% interest in Great Lakes amounted to $5.4 million in 1983, which contrasted with earnings of $11.6 million in 1982 and $41.8 million in 1981. The loss in 1983 was the result of lower prices for kraft pulp and newsprint. The comparison of 1982 income with 1981 is affected by a change in the method of accounting for investment tax credits which had the effect of increasing Enterprises' income from Great Lakes by $9.9 million in 1982.

Total revenues amounted to $496 million in 1983, $442 million in 1982 and $578 million in 1981. The higher revenues in 1983 were attributable chiefly to increased shipments of all products, in part reflecting greater capacity resulting from the new kraft pulp and stud lumber facilities at Dryden and also an increase in kraft pulp shipments to the Far East. However, intense competition resulted in lower average prices for newsprint and kraft pulp. Reduced shipments and price erosion for all of the company's products were the main reasons for the revenue decrease in 1982 from 1981.

Great Lakes' expenses of $506 million in 1983 were up from $421 million in 1982 and $501 million in 1981. Most of the increase in 1983 came from the higher shipment volumes. Operating efficiencies due to the new facilities and higher volume partially offset continued escalation of labour, energy and transportation costs. In addition, interest and depreciation charges were up due to completion of the new facilities. The expense decrease in 1982 was due mainly to lower volumes, largely offset by general cost inflation.

In 1984, economic recovery is expected to strengthen pulp markets while newsprint markets will continue soft until excess capacity is absorbed. Demand for fine paper is anticipated to remain strong throughout 1984.

New labour contracts with all unions at Great Lakes will have to be negotiated in 1984.

Pacific Forest Products Limited

World lumber markets continue to be depressed. As a result, Pacific Forest Products incurred a loss of $9.8 million in 1983. This compared with losses of $7.1 million in 1982 and $6.0 million in 1981. Results in 1982 included a net gain of $9.2 million on the sale of land.

The recession had its strongest impact on markets for logs and lumber in 1982. In 1983, operating losses were lower than in 1982 reflecting improvement in sales volume and prices. It is expected that gradual improvement in the company's markets will continue in 1984.

Iron and Steel

The Algoma Steel Corporation, Limited

The net loss from Algoma Steel, owned 61.2% by Enterprises, was $84.2 million, compared with a loss of $31.5 million in 1982 and earnings of $87.7 million in 1981. Continued losses resulted mainly from depressed steel prices, reflecting excess world steel supply, and a drop in demand for Algoma's higher margin products.

Algoma's revenues of $841 million compared with $902 million in 1982 and $1,475 million in 1981. These revenues include Algoma's share of the results of AMCA International, which in 1983 reported a loss in contrast to earnings in 1982 and 1981. Despite an increase in shipments, Algoma's operating revenues decreased in 1983 because of lower selling prices and sales demand directed towards lower priced products. The 1982 decrease reflected lower shipments, a less favourable product mix and depressed selling prices.

Expenses were $969 million, compared with $942 million in 1982 and $1,310 million in 1981. The rise in 1983 reflected higher volume and increased interest expense associated with a higher debt level. The drop in expenses in 1982 was associated with a reduction in sales volumes, partially offset by higher labour costs and increased interest expense.

During the year, Algoma entered into an arrangement with Sonco Steel Tube Limited which includes the sale of certain steel products to Sonco and provides Algoma with an option to acquire eventual ownership of Sonco.

Algoma's 1983 results were adversely affected by the dumping of foreign steel into the Canadian marketplace. As a result of complaints lodged by Algoma and others, the Anti-Dumping Tribunal has ruled that duties are to be imposed on imports of certain steel products which unfairly compete with those produced in Canada by Algoma. This action should strengthen Algoma's competitive position in 1984. The outlook for Algoma's markets in 1984 is for continued gradual improvement in steel shipments, but only limited improvement in steel selling prices.

Labour contracts with the union employees in Canada and the coal mining employees in the United States must be renegotiated in 1984.

AMCA International Limited

In addition to its interest in Algoma's 34.6% ownership of AMCA International, Enterprises has a 16.2% direct holding which resulted in a $9.2 million loss in 1983. This was in contrast with income of approximately $6 million in both 1982 and 1981. AMCA's 1983 results included a provision for a loss of $27.0 million after tax arising from the write-off of discontinued businesses; those operations lost $13.5 million during the year.

Revenues of AMCA were $1,625 million in 1983, compared with $1,840 million in 1982 and $1,915 million in 1981. In 1983 and 1982, reduced sales volumes and lower prices were only partially offset by the inclusion of results for Giddings & Lewis, which was acquired in August 1982. The downward trend in volumes and prices reflected the impact of the recession on the company's products, particularly certain construction products, engineering and construction services directed to the energy and petrochemical industries and steel fabrication and construction activities in Canada.

Total expenses were $1,682 million in 1983, $1,779 million in 1982 and $1,852 million in 1981. The decline in total expenses in 1983 was largely attributable to lower sales volumes and decreased interest expense, the latter reflecting reduced interest rates. These factors were partially offset by the inclusion of expenses incurred by Giddings & Lewis and the impact of unrealized foreign exchange differences on translation of AMCA's accounts. Expenses in 1982 decreased from 1981 largely reflecting a lower volume of business.

Recovery in demand for capital goods is occurring at a modest pace and is expected to result in some improvement in performance.

Review of Operations

Real Estate

Marathon Realty Company Limited

Marathon Realty reported net income of $25.9 million in 1983, compared with $26.2 million in 1982 and $24.0 million in 1981.

Total revenues amounted to $274 million in 1983, $251 million in 1982 and $227 million in 1981. In 1983, the higher revenues were attributable chiefly to rentals from new buildings and increased property sales. The increase in revenues in 1982 was due almost equally to rentals from new buildings and to higher rentals from existing buildings.

Total expenses were $248 million, up from $225 million in 1982 and $203 million in 1981. The higher expenses in 1983 were due largely to the higher costs of property sales and increased interest expense. About half of the increase in 1982 was due to increased operating expenses for buildings and half due to increased interest expense.

Commercial real estate demand typically lags behind general business activity. Marathon's earnings outlook is dependent upon further growth in the economies of Canada and the United States.

Agriproducts

Maple Leaf Mills Limited

Income from Maple Leaf Mills amounted to $14.9 million in 1983, up from $12.2 million in 1982 and $14.6 million in 1981.

Total revenues of Maple Leaf were $1,031 million in 1983, compared with $913 million in 1982 and $929 million in 1981. The increase in revenue in 1983 was due largely to greater international grain trading activity and higher grain prices. Revenues in 1983 also reflected acquisition of Phenix Flour Limited in July and of a poultry operation in May and improvement in earnings from equity interests in affiliated bakery companies. In 1982, the revenue decrease was attributable mainly to reduced export sales volumes of flour.

Total expenses were $1,014 million in 1983, compared with $899 million in 1982 and $913 million in 1981. The increase in 1983 was due to higher volumes of most products. The decrease in 1982 from 1981 was due principally to reduced volumes and the effect of record harvests on the cost of grain.

The outlook is for 1984 earnings to be approximately the same as in 1983.

Maple Leaf is currently negotiating a new contract with the United Food and Commercial Workers Union.

CanPac AgriProducts Limited

Income from CanPac AgriProducts, which is based in the United States, amounted to $5.6 million in 1983, compared with $1.6 million in 1982 and $4.5 million in 1981.

Despite a decline in tallow sales volumes, CanPac reported higher earnings because of a reduction in raw material costs and improved operating efficiencies. There was also some improvement in selling prices, particularly feed fat. Income in 1982 decreased primarily due to the rendering division which was adversely impacted by poor market conditions.

Other Businesses

Canadian Pacific Hotels Limited

Net income from CP Hotels was $8.7 million for the eleven months during which it was owned by the Corporation in 1983. Hotel income in 1982 and 1981 amounted to $8.4 million and $12.1 million, respectively.

Because of the sale of CP Hotels late in 1983, revenues and expenses in 1983 are not comparable with those of 1982. Revenues amounted to $237 million in 1983, $249 million in 1982 and $256 million in 1981. Total expenses were $228 million in 1983, $241 million in 1982 and $244 million in 1981. The revenue and expense reductions in 1982 were associated mainly with a lower volume of business.

Syracuse China Corporation

Net income of Syracuse China, based in the United States, was $4.4 million in 1983, up from $4.2 million in 1982 and $3.2 million in 1981. The trend in earnings over the period was due mainly to improved selling prices of chinaware. In 1982, improved selling prices were partially offset by a decline in sales volumes.

Processed Minerals Incorporated

Net income from Processed Minerals, which operates in the United States, amounted to $2.2 million, compared with $2.6 million in 1982 and $1.6 million in 1981. The decrease in 1983 was primarily the result of a write-down of certain fixed assets, mainly due to a flood. Operating results were up because of increased sales volumes at both the Carey Salt and NYCO divisions. In 1982, net income was up substantially over 1981 because of an improvement in volume and product mix for Carey Salt and increased selling prices for wollastonite, which is NYCO's principal product.

Financial

Chateau Insurance Company

Chateau Insurance made a profit of $390,000 in 1983, compared with losses of $2.0 million in 1982 and $10.3 million in 1981.

The improvement in Chateau's performance since 1981 stemmed primarily from the phasing out in 1981 and 1982 of unprofitable lines of business, particularly personal lines and assumed reinsurance. As a result, claims in relation to earned premiums improved substantially over the period.

The insurance industry is expected to remain extremely competitive through 1984 and no significant growth in earnings is anticipated.

Canadian Pacific Securities Limited

Earnings of Canadian Pacific Securities amounted to $2.0 million in 1983, $2.1 million in 1982 and $1.7 million in 1981. The small decrease in 1983 was attributable to lower income from money market activities, partially offset by earnings from a higher level of loans to affiliated companies. The results of 1982 reflected an increase from a higher level of lending activities and money market operations.

Canadian Pacific Enterprises Limited – Corporate activities

Net income from Corporate activities amounted to $2.7 million in 1983, compared with $18.3 million in 1982 and $22.2 million in 1981. The high level of income in 1982 resulted from net gains totalling $19 million on sale of portfolio investments. Because of reduced cash levels, interest income in both 1983 and 1982 was depressed compared with 1981.

Summary of Significant Accounting Policies

General

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The significant differences between Canadian and United States generally accepted accounting principles, insofar as they apply to the Corporation, are described under Supplementary Data. Unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

Consolidation

The financial statements of all subsidiary companies are consolidated in the financial statements of Canadian Pacific Enterprises Limited (Enterprises) except those of two finance companies, which are accounted for on the equity basis. The classes of business are based upon the major activities of significant subsidiaries, and the principal companies included in each class are as follows:

Percentage Ownership, December 31		1983	1982	1981
Oil and Gas	PanCanadian Petroleum Limited	**87.08%**	87.08%	87.08%
Mines and Minerals	Cominco Ltd.	**54.31%**	54.34%	54.35%
	Fording Coal Limited:			
	Enterprises	**60%**	60%	60%
	Cominco	**40%**	40%	40%
	Steep Rock Resources Inc.*	**79.61%**	79.44%	77.50%
Forest Products	CIP Inc.	**100%**	100%	100%
	Great Lakes Forest Products Limited	**54.28%**	54.28%	54.28%
	Pacific Forest Products Limited	**100%**	100%	100%
	Commandant Properties, Limited	**100%**	100%	100%
Iron and Steel	The Algoma Steel Corporation, Limited	**61.16%**	61.15%	57.63%
	AMCA International Limited:			
	Enterprises	**16.21%**	16.38%	9.37%
	Algoma	**34.59%**	34.94%	42.74%
Real Estate	Marathon Realty Company Limited	**100%**	100%	100%
Agriproducts	Maple Leaf Mills Limited	**100%**	100%	100%
	CanPac AgriProducts Limited	**100%**	100%	100%
Other Businesses	Canadian Pacific Hotels Limited	**—**	100%	100%
	Syracuse China Corporation	**100%**	100%	100%
	Processed Minerals Incorporated	**100%**	100%	100%
Financial	Canadian Pacific Enterprises Limited— Corporate activities			
	Canadian Pacific Securities Limited	**100%**	100%	100%
	Chateau Insurance Company	**99.98%**	99.98%	99.98%
	Canadian Pacific Enterprises (International) B.V.	**100%**	100%	100%
	Canadian Pacific Enterprises (U.S.) Inc.	**100%**	100%	100%
	Canadian Pacific Enterprises (Finance) N.V.	**100%**	100%	100%

*Prior to April 27, 1983, the name of this corporation was Steep Rock Iron Mines Limited.

Consolidation continued

Algoma Steel supplies structural steel and plate to AMCA International. In reporting the results of Iron and Steel operations in the statement of consolidated income, the following amounts have been eliminated from sales and operating revenue and from expenses: 1983, \$31,010,000; 1982, \$35,900,000; 1981, \$51,010,000. Inter-company interest charges, amounting to \$99,070,000 in 1983, \$72,310,000 in 1982 and \$42,561,000 in 1981, have not been eliminated in the statement of consolidated income in order to present fairly the results by activity. Enterprises' net income is not affected by this practice. There are no other significant inter-company charges within the Enterprises group of companies.

Foreign exchange

Current assets and current liabilities have been translated from foreign currencies into Canadian dollars at current rates. Fixed assets, related depreciation, depletion and amortization and long term debt (excluding the current portion) have been translated at historical rates. Revenues and expenses (except depreciation, depletion and amortization, which are translated at historical rates) have been translated at average rates in effect during the year. Gains or losses on exchange are included in income.

Inventories

Products, work in progress and raw materials of mining operations are valued generally at the lower of cost (determined on the monthly average method) and net realizable value. Supplies are valued at cost less appropriate allowances for obsolescence.

Finished products of Iron and Steel and work in progress related to steel making operations are valued at the lower of cost and net realizable value. Work in progress related to construction contracts is stated at accumulated production costs less amounts charged to income based on the percentage of completion of individual contracts. Raw materials and supplies are valued at the lower of cost and replacement cost.

Other inventories (principally related to Forest Products and Agriproducts) are valued at the lower of cost (generally average cost) and net realizable value.

Accounting for oil and gas properties

The full cost method of accounting is followed for oil and gas properties, whereby all costs related to the exploration for and the development of oil and gas reserves are capitalized on a world-wide cost centre basis. Such costs are depleted by the unit of production method based on estimated proven oil and gas reserves.

Depreciation on plant and equipment is provided at rates which will amortize original costs over their estimated useful lives. The diminishing balance method is applied to all plant and equipment, except for the Empress and Syncrude facilities, which are depreciated on the straight-line basis.

Interest on funds borrowed to finance major projects is capitalized during the construction period.

Accounting for mining properties

Expenditures on general mineral exploration are charged against earnings as incurred. Expenditures to investigate identified properties and to develop new mines are capitalized as mineral properties and development. Because of the uncertainty of the final outcome, expenditures on investigation, together with the cost of certain investments in mineral companies, are amortized against earnings by charges for depletion. Abandoned properties are written off in the year of abandonment. Depletion on operating mines is provided on a unit of production or on a time basis based on the mineral reserves position.

Interest on specific borrowings to finance major expenditures for fixed assets is capitalized during the construction period.

Summary of Significant Accounting Policies

Accounting for iron and steel properties

Depreciation of manufacturing plant and equipment is provided on a straight-line basis at rates intended to amortize the cost of these assets over their estimated economic lives. Mining equipment and mine development are either depreciated on a straight-line basis at rates intended to amortize the cost of these assets over their estimated economic lives or are amortized on a unit of production basis over the estimated recoverable raw material reserves.

Expenditures on exploration for, investigation of, and holding, raw material properties, and costs of research and start-up of new production facilities, are charged to earnings as incurred.

Interest incurred on funds borrowed directly to finance the development of new raw material properties and the construction of new manufacturing facilities is capitalized during the period of construction and initial development.

Accounting for real estate properties

All operating and carrying costs net of rental revenues are capitalized for all income properties under construction until a satisfactory level of occupancy is obtained, subject to a reasonable maximum period of time.

Real estate is stated at cost, except for land held for sale which is stated at the lower of cost and net realizable value. Cost includes carrying costs, principally real estate taxes, interest, the applicable portion of salaries and expenses of development personnel and, for income properties, initial leasing costs.

The sinking fund method of providing depreciation is used for the majority of buildings. This method will write off the cost of the buildings over a maximum period of 40 years in a series of annual instalments increasing at the rate of 5% compounded annually.

Accounting for other properties

Depreciation and amortization of other properties are charged to earnings, either on a straight-line or on a unit of production basis, over the estimated economic lives of the facilities involved.

Interest on debt incurred to finance major expansion programs under Forest Products and Other Businesses is capitalized during the construction period.

Pensions

In addition to current service costs, charges to income include annual payments on account of past service liabilities. Such liabilities are being funded over varying periods to 1998.

Earnings per share

Earnings per common share are calculated using the weighted average number of shares outstanding during the year.

Statement of Consolidated Income

For the Year ended December 31

	(in thousands)	1983	1982	1981
Oil and Gas	Gross operating revenue	$ 884,387	$ 792,599	$ 641,922
	Expenses including income and revenue taxes	643,296	561,933	438,185
		241,091	230,666	203,737
	Interest of outside shareholders	31,149	29,802	26,323
	Net income	209,942	200,864	177,414
Mines and Minerals	Gross operating revenue	1,611,548	1,554,334	1,725,435
	Expenses including income taxes	1,649,809	1,577,401	1,638,049
		(38,261)	(23,067)	87,386
	Interest of outside shareholders	(12,778)	(9,869)	49,724
	Net income	(25,483)	(13,198)	37,662
Forest Products	Sales and operating revenue	1,832,177	1,654,128	1,026,614
	Expenses including income taxes	1,947,735	1,746,788	975,888
		(115,558)	(92,660)	50,726
	Interest of outside shareholders	(16,746)	4,684	34,499
	Net income	(98,812)	(97,344)	16,227
Iron and Steel	Sales and operating revenue	2,454,605	2,680,471	3,312,389
	Expenses including income taxes	2,619,839	2,684,669	3,111,570
		(165,234)	(4,198)	200,819
	Interest of outside shareholders	(71,808)	21,519	107,233
	Net income	(93,426)	(25,717)	93,586
Real Estate	Gross rentals and other income	274,083	251,065	226,989
	Expenses including income taxes	247,872	224,498	202,688
		26,211	26,567	24,301
	Interest of outside shareholders	350	355	274
	Net income	25,861	26,212	24,027
Agriproducts	Gross operating revenue	1,229,351	1,137,473	1,165,233
	Expenses including income taxes	1,206,202	1,118,664	1,143,472
		23,149	18,809	21,761
	Interest of outside shareholders	2,547	2,189	1,823
	Net income	20,602	16,620	19,938
Other Businesses	Gross operating revenue	322,910	327,360	334,538
	Expenses including income taxes	307,628	312,092	317,672
	Net income	15,282	15,268	16,866
Financial	Gross operating revenue	142,248	169,543	168,200
	Expenses including income taxes	133,348	142,104	149,320
	Net income	8,900	27,439	18,880
	Income before extraordinary item	62,866	150,144	404,600
	Extraordinary item	31,435	—	—
Net Income		$ 94,301	$ 150,144	$ 404,600
Earnings per Share				
	Income before extraordinary item	$ 0.41	$ 1.05	$ 2.87
	Net income	$ 0.61	$ 1.05	$ 2.87

See Summary of Significant Accounting Policies and Notes to Consolidated Financial Statements.

Statement of Consolidated Retained Income

For the Year ended December 31

(in thousands)	1983	1982	1981
Balance, January 1	**$1,840,308**	$1,830,138	$1,583,470
Net income	**94,301**	150,144	404,600
	1,934,609	1,980,282	1,988,070
Underwriters' commission and expenses in connection with the issue of common shares (net of income tax of $1,462,000)	—	1,597	—
Dividends			
Common shares (per share — 1983-$0.80; 1982-$0.96; 1981-$1.12)	**123,007**	138,377	157,932
Balance, December 31	**$1,811,602**	$1,840,308	$1,830,138

See Summary of Significant Accounting Policies and Notes to Consolidated Financial Statements.

Statement of Changes in Consolidated Financial Position

For the Year ended December 31

	(in thousands)	1983	1982	1981
Source of Funds	Net income before extraordinary item	$ 62,866	$ 150,144	$ 404,600
	Depreciation, depletion and amortization	484,939	419,808	338,049
	Deferred income taxes	(168,777)	(37,296)	259,021
	Outside shareholders' interest in income of subsidiaries	(67,286)	48,680	219,876
	Funds from operations	311,742	581,336	1,221,546
	Proceeds from sale of subsidiary	125,000	—	—
	Issuance of common shares	10,251	213,450	15,432
	Reduction of investments	33,153	65,859	5,772
	Issuance of long term debt	576,573	1,185,718	1,717,767
	Issuance of shares by subsidiaries	218,890	102,184	38,233
	Proceeds from disposal of properties	74,769	55,953	65,798
	Working capital of subsidiaries acquired and consolidated	—	116,646	257,403
	Working capital deficit of subsidiary sold	18,279	—	—
	Decrease (Increase) in working capital	14,632	166,234	(24,671)
	Sundries, net	(2,290)	45,099	(49,685)
		$1,380,999	$2,532,479	$3,247,595
Application of Funds	Additions to properties	$ 640,069	$1,265,377	$1,555,214
	Additions to investments	15,539	43,026	42,933
	Investment in subsidiaries acquired and consolidated	—	389,982	1,112,665
	Reduction in long term debt	518,283	592,691	251,577
	Reduction of outside shareholders' interest in subsidiaries	—	16,871	13,314
	Dividends	123,007	138,377	157,932
	Dividends paid outside shareholders of subsidiaries	84,101	86,155	113,960
		$1,380,999	$2,532,479	$3,247,595
Changes in Consolidated Working Capital	Current Assets			
	Cash and temporary investments	$ 109,748	$ (245,699)	$ (320,579)
	Loans receivable	14,895	(149)	82
	Accounts receivable	39,493	(230,392)	344,670
	Inventories	(157,285)	101,983	478,966
	Prepaid expenses	(6,093)	20,478	6,274
		758	(353,779)	509,413
	Current Liabilities			
	Bank loans	(121,496)	(59,252)	299,532
	Accounts payable	71,386	(144,870)	93,325
	Accrued charges	13,048	58,525	158,912
	Notes and accrued interest payable	(4,893)	(67,433)	64,862
	Income and other taxes payable	60,589	(37,758)	(83,942)
	Dividends payable	(224)	(7,140)	781
	Long term debt maturing within one year	(3,020)	70,383	(48,728)
		15,390	(187,545)	484,742
	Decrease (Increase) in Working Capital	$ 14,632	$ 166,234	$ (24,671)

See Summary of Significant Accounting Policies and Notes to Consolidated Financial Statements.

Consolidated Balance Sheet

December 31

Assets

		(in thousands) 1983	1982
Current Assets	Cash and temporary investments, at cost (approximates market)	$ 486,623	$ 376,875
	Loans receivable from affiliates	58,309	43,414
	Accounts receivable	1,129,881	1,090,388
	Inventories	1,691,413	1,848,698
	Prepaid expenses	53,797	59,890
		3,420,023	3,419,265
Investments		383,078	401,386
Properties, at cost	Oil and gas	2,265,730	2,045,766
	Mines and minerals	2,413,289	2,327,356
	Forest products	2,278,009	2,176,261
	Iron and steel	2,087,303	2,066,823
	Real estate	1,234,624	1,194,486
	Agriproducts	315,916	268,265
	Other businesses	70,964	312,072
	Financial	1,775	1,717
		10,667,610	10,392,746
	Less: Accumulated depreciation, depletion and amortization	2,951,162	2,618,072
		7,716,448	7,774,674
Other Assets and Deferred Charges		414,346	422,153
		$11,933,895	$12,017,478

Auditors' Report

To the Shareholders of Canadian Pacific Enterprises Limited

We have examined the consolidated balance sheets of Canadian Pacific Enterprises Limited as at December 31, 1983 and 1982 and the statements of consolidated income, consolidated retained income and changes in consolidated financial position for each of the three years in the period ended December 31, 1983. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1983 and 1982 and the results of its operations and the changes in its financial position for each of the three years in the period ended December 31, 1983 in accordance with generally accepted accounting principles in Canada consistently applied.

Price Waterhouse,
Chartered Accountants,
Calgary, Alberta,
March 1, 1984

Liabilities

		(in thousands) 1983	1982
Current Liabilities	Bank loans	**$ 189,454**	$ 310,950
	Accounts payable	**508,804**	437,418
	Accrued charges	**746,045**	732,997
	Notes and accrued interest payable	**324,183**	329,076
	Income and other taxes payable	**172,252**	111,663
	Dividends payable	**34,128**	34,352
	Long term debt maturing within one year	**214,367**	217,387
		2,189,233	2,173,843
Deferred Liabilities		**183,047**	164,645
Long Term Debt		**3,933,127**	3,920,541
Outside Shareholders' Interest in Subsidiary Companies		**1,615,121**	1,539,590
Deferred Income Taxes		**1,047,540**	1,234,577
Shareholders' Equity	Common shares Authorized — Unlimited Issued — 153,941,264 (1982—153,474,030) shares	**1,072,379**	1,062,128
	Paid-in surplus	**81,846**	81,846
	Retained income	**1,811,602**	1,840,308
		2,965,827	2,984,282
		$11,933,895	$12,017,478

See Summary of Significant Accounting Policies and Notes to Consolidated Financial Statements.

Approved by the Board:
Robert W. Campbell, Director
Stuart E. Eagles, Director

Notes to Consolidated Financial Statements

1. Expenses Including Income Taxes

	(in thousands)	1983	1982	1981
Oil and Gas	Cost of goods sold	$ **192,533**	$ 169,522	$ 134,702
	Selling, general and administrative	**32,154**	27,789	20,817
	Depreciation, depletion and amortization	**113,702**	88,771	72,428
	Interest	**26,858**	22,454	32,174
	Income and revenue taxes	**278,049**	253,397	178,064
		643,296	561,933	438,185
Mines and Minerals	Cost of goods sold	**1,154,789**	1,103,371	1,095,129
	Distribution, selling, general and administrative	**309,586**	298,029	319,417
	Depreciation, depletion and amortization	**114,354**	101,795	98,415
	Interest	**92,239**	101,959	72,127
	Income taxes	**(21,159)**	(27,753)	52,961
		1,649,809	1,577,401	1,638,049
Forest Products	Cost of goods sold	**1,651,550**	1,455,813	789,206
	Selling, general and administrative	**88,238**	86,439	30,245
	Depreciation, depletion and amortization	**109,922**	93,034	50,941
	Interest	**153,803**	175,852	68,295
	Income taxes	**(55,778)**	(64,350)	37,201
		1,947,735	1,746,788	975,888
Iron and Steel	Cost of goods sold	**2,155,230**	2,197,408	2,464,783
	Selling, general and administrative	**376,032**	332,532	335,349
	Depreciation, depletion and amortization	**98,704**	92,192	77,543
	Interest	**132,808**	125,194	87,570
	Income taxes	**(142,935)**	(62,657)	146,325
		2,619,839	2,684,669	3,111,570
Real Estate	Operating expenses and cost of sales	**145,382**	128,801	113,227
	Depreciation	**14,183**	12,135	10,309
	Interest	**68,966**	61,108	55,901
	Income taxes	**19,341**	22,454	23,251
		247,872	224,498	202,688
Agriproducts	Cost of goods sold	**985,501**	912,885	934,587
	Selling, general and administrative	**170,890**	164,079	161,651
	Depreciation and amortization	**18,257**	17,291	14,860
	Interest	**17,376**	18,178	21,367
	Income taxes	**14,178**	6,231	11,007
		1,206,202	1,118,664	1,143,472

1. Expenses Including Income Taxes continued

(in thousands)		1983	1982	1981
Other Businesses	Operating expenses and cost of goods sold	$ **223,104**	$ 229,524	$ 232,046
	Selling, general and administrative	**46,241**	47,014	47,882
	Depreciation and amortization	**15,588**	14,349	13,292
	Interest	**9,733**	9,935	10,797
	Income taxes	**12,962**	11,270	13,655
		307,628	312,092	317,672
Financial	General and administrative	**22,631**	32,249	61,898
	Depreciation and amortization	**229**	241	261
	Interest	**111,235**	119,877	88,138
	Income taxes	**(747)**	(10,263)	(977)
		133,348	142,104	149,320
		$8,755,729	$8,368,149	$7,976,844

2. Interest Expense

(in thousands)	1983	1982	1981
Interest on long term debt	**$438,878**	$425,333	$275,317
Interest on short term debt	**75,070**	136,914	118,491
	$513,948	$562,247	$393,808
Interest capitalized on funds borrowed to finance capital projects	**$ 35,990**	$ 84,297	$ 56,501

3. Income Taxes

(in thousands)	1983	1982	1981
The deferred income tax provision arose as follows:			
Capital cost allowances	**$ (50,710)**	$ 77,749	$ 179,289
Exploration and development allowances	**17,251**	51,813	55,135
Loss carry forwards recognized	**(139,130)**	(139,179)	—
Other	**3,812**	(27,679)	24,597
	$(168,777)	$ (37,296)	$ 259,021
Income tax at the statutory tax rate may be reconciled to the effective tax as follows:			
Income tax at the statutory rate	**$ 50,784**	$ 155,810	$ 517,873
Depletion and resource allowances	**(82,269)**	(66,841)	(84,923)
Foreign tax differentials	**(26,763)**	(29,877)	(12,923)
Royalties and mineral reserve tax	**27,986**	22,695	20,155
Manufacturing and processing credits	**16,033**	13,208	(10,040)
Loss carry forwards not recognized	**24,935**	—	—
Other	**17,640**	(36,328)	(4,791)
Income taxes	**28,346**	58,667	425,351
Petroleum and gas revenue taxes	**75,565**	69,662	36,136
Income and revenue taxes as charged to income	**$ 103,911**	$ 128,329	$ 461,487

Notes to Consolidated Financial Statements

4. Geographic Areas

1983 (in thousands)	Canada	United States	Other	Eliminations	Total
Gross operating revenue	$ 6,425,819	$1,943,699	$381,791	$ 99,070	$ 8,652,239
Inter-area transfers	162,503	154,747	26,413	343,663	—
	6,588,322	2,098,446	408,204	442,733	8,652,239
Expenses	6,443,441	2,220,517	331,523	442,733	8,552,748
Net income before taxes	144,881	(122,071)	76,681	—	99,491
Income and revenue taxes	139,101	(52,651)	17,461	—	103,911
	5,780	(69,420)	59,220	—	(4,420)
Interest of outside shareholders	(47,680)	(52,760)	33,154	—	(67,286)
Income before extraordinary item	53,460	(16,660)	26,066	—	62,866
Extraordinary item	31,435	—	—	—	31,435
Net income	$ 84,895	$ (16,660)	$ 26,066	$ —	$ 94,301
Identifiable Assets	$10,217,639	$2,069,145	$476,138	$829,027	$11,933,895

1982	Canada	United States	Other	Eliminations	Total
Gross operating revenue	$ 5,999,721	$2,181,938	$385,314	$ 72,310	$ 8,494,663
Inter-area transfers	275,722	193,595	94,814	564,131	—
	6,275,443	2,375,533	480,128	636,441	8,494,663
Expenses	6,073,496	2,360,764	369,691	636,441	8,167,510
Net income before taxes	201,947	14,769	110,437	—	327,153
Income and revenue taxes	127,580	(24,126)	24,875	—	128,329
	74,367	38,895	85,562	—	198,824
Interest of outside shareholders	(15,606)	14,480	49,806	—	48,680
Net income	$ 89,973	$ 24,415	$ 35,756	$ —	$ 150,144
Identifiable Assets	$10,070,103	$2,218,578	$477,009	$748,212	$12,017,478

4. Geographic Areas continued

1981 (in thousands)	Canada	United States	Other	Eliminations	Total
Gross operating revenue	$6,009,869	$2,181,788	$409,663	$ 42,561	$ 8,558,759
Inter-area transfers	415,207	222,768	45,348	683,323	—
	6,425,076	2,404,556	455,011	725,884	8,558,759
Expenses	5,544,744	2,273,390	380,546	725,884	7,472,796
Net income before taxes	880,332	131,166	74,465	—	1,085,963
Income and revenue taxes	384,284	53,592	23,611	—	461,487
	496,048	77,574	50,854	—	624,476
Interest of outside shareholders	158,584	33,119	28,173	—	219,876
Net income	$ 337,464	$ 44,455	$ 22,681	$ —	$ 404,600
Identifiable Assets	$9,250,774	$1,770,379	$484,659	$264,692	$11,241,120

Export Sales (in thousands)		1983	1982	1981
Included under the Canada caption above	United States	**$1,389,151**	$1,426,317	$1,597,811
	Other	**881,787**	834,579	727,450
		$2,270,938	$2,260,896	$2,325,261

Transfers between geographic segments are accounted for at prices comparable to market prices for similar products. The income account eliminations relate to inter-company interest as well as inter-area transfers, while the identifiable asset eliminations are in respect of inter-company loans.

Notes to Consolidated Financial Statements

5. Inventories

(in thousands)	1983	1982
Raw materials	$ **591,835**	$ 701,940
Work in progress	**283,134**	312,980
Finished goods	**594,086**	594,789
Stores and materials	**222,358**	238,989
	$1,691,413	$1,848,698

6. Investments

	(in thousands)	1983 Approximate market value	1983 Cost	1982 Approximate market value	1982 Cost
Portfolio	Common Shares				
	MICC Investments Limited	$ 2,733	$ **2,293**	$ 3,644	$ 2,293
	Union Carbide Canada Limited	18,197	**13,069**	19,395	18,375
	Other	993	**1,581**	864	1,796
		21,923	**16,943**	23,903	22,464
	Preferred Shares	4,145	**5,918**	5,192	7,488
	Bonds, Debentures and Notes	258	**300**	2,154	2,116
		$26,326	**23,161**	$31,249	32,068
Other	Accounted for on the equity basis:				
	Koehring Finance Corporation		**60,941**		59,748
	AMCA International Finance Company Limited		**10,030**		10,000
	Aberfoyle Limited		**29,790**		29,841
	Tahsis Company Ltd.		**71,827**		73,347
	Tilden Iron Ore Partnership		**44,429**		47,070
	Other		**66,742**		67,090
	Accounted for on the cost basis:				
	Panarctic Oils Ltd.		**41,646**		42,832
	Tara Exploration and Development Company Limited		**22,515**		26,903
	Other		**11,997**		12,487
			359,917		369,318
			$383,078		$401,386

7. Properties and Accumulated Depreciation, Depletion and Amortization

(in thousands)

				1983	1982
		Cost	Accumulated depreciation, depletion and amortization	Net	Net
Oil and Gas	Plant and equipment	$ 752,384	$ 213,511	$ 538,873	$ 538,174
	Petroleum, natural gas and mineral properties	1,513,346	408,719	1,104,627	996,239
		2,265,730	622,230	1,643,500	1,534,413
Mines and Minerals	Land, buildings and equipment	1,896,924	685,396	1,211,528	1,222,630
	Mining properties and development	516,365	133,357	383,008	370,171
		2,413,289	818,753	1,594,536	1,592,801
Forest Products	Land and improvements	62,373	—	62,373	63,013
	Buildings and equipment	2,031,992	508,353	1,523,639	1,536,406
	Timberlands and licences	183,644	21,734	161,910	163,557
		2,278,009	530,087	1,747,922	1,762,976
Iron and Steel	Manufacturing plants	1,919,864	679,292	1,240,572	1,281,248
	Raw material properties	167,439	92,812	74,627	79,396
		2,087,303	772,104	1,315,199	1,360,644
Real Estate	Land	347,559	—	347,559	367,945
	Buildings	802,685	69,881	732,804	687,219
	Construction in progress	84,380	—	84,380	80,439
		1,234,624	69,881	1,164,743	1,135,603
Agriproducts	Land and improvements	23,946	987	22,959	16,611
	Buildings and equipment	291,970	117,335	174,635	144,762
		315,916	118,322	197,594	161,373
Other Businesses	Land and improvements	5,662	598	5,064	10,351
	Buildings and equipment	65,302	18,370	46,932	215,405
		70,964	18,968	51,996	225,756
Financial	Leasehold improvements and equipment	1,775	817	958	1,108
		$10,667,610	$2,951,162	$7,716,448	$7,774,674

Notes to Consolidated Financial Statements

8. Capital Expenditures

(in thousands)	1983	1982	1981
Oil and Gas	**$222,495**	$ 278,797	$ 308,728
Mines and Minerals	**122,893**	283,291	471,107
Forest Products	**95,873**	271,491	227,770
Iron and Steel	**62,564**	222,276	327,419
Real Estate	**93,377**	161,659	174,728
Agriproducts	**24,231**	25,147	20,964
Other Businesses	**18,575**	22,106	24,203
Financial	**61**	610	295
	$640,069	$1,265,377	$1,555,214

9. Identifiable Assets

(in thousands)	1983	1982	1981
Oil and Gas	**$ 1,907,200**	$ 1,776,930	$ 1,528,173
Mines and Minerals	**2,317,186**	2,350,785	2,196,655
Forest Products	**2,470,592**	2,466,239	2,301,629
Iron and Steel	**3,041,463**	3,180,669	2,913,085
Real Estate	**1,218,209**	1,195,997	1,086,712
Agriproducts	**452,318**	370,538	361,453
Other Businesses	**93,749**	287,022	279,248
Financial	**1,262,205**	1,137,510	838,857
Eliminations (in respect of inter-company loans)	**(829,027)**	(748,212)	(264,692)
	$11,933,895	$12,017,478	$11,241,120

10. Long Term Debt

	(in thousands)	1983	1982
PanCanadian Petroleum Limited	Bank loans due 1983	$ —	$ 84,210
	8⅛%-16½% Debentures due 1984-1993	**156,625**	143,000
Cominco Ltd.	Bank loans due 1984-1994	**422,655**	483,153
	8½%-10⅞% Sinking Fund Debentures due 1991-1995	**95,645**	100,962
	Notes due 1984-1996	**79,929**	46,759
	Subsidiaries of Cominco Ltd.	**94,257**	87,558
CIP Inc.	Bank loans due 1985-1996	**666,303**	758,657
	Sundry—due 1984-1993	**24,064**	22,161
Great Lakes Forest Products Limited	Bank loans due 1985-1990	**120,021**	84,144
	8%-11¼% Sinking Fund Bonds due 1989-1995	**39,266**	41,188
	8¾% Debentures due 1984	**14,415**	12,143
	Sundry—due 1984-1989	**13,927**	17,224
The Algoma Steel Corporation, Limited	Bank loan due 1985-1993	**90,000**	4,301
	7⅜%-17⅜% Sinking Fund Debentures due 1987-1997	**191,800**	198,699
	Floating Rate Debenture due 1990	**122,434**	122,434
	Floating Rate Income Debentures due 1994-1999	**106,880**	106,880
	9.65% Note due 1984-2000	**34,000**	35,000
AMCA International Limited	Bank loans due 1984-1998	**264,929**	273,662
	8¼%-11½% Debentures due 1984-1998	**184,454**	63,124
	Other notes payable 1984-1997	**63,054**	88,215
Marathon Realty Company Limited	Bank loans due 1984-1987	**107,146**	113,413
	6½%-17½% Sinking Fund Bonds due 1987-2003	**168,281**	151,734
	Mortgages due 1984-2014	**362,984**	373,343
	Sundry—due 1985-1991	**79,799**	80,392
Maple Leaf Mills Limited	Bank loan due 1984-1988	**10,000**	10,000
	8½%-11⅝% Sinking Fund Debentures due 1988-1998	**42,846**	45,573
	Sundry—due 1984-1988	**7,824**	8,425
CanPac AgriProducts Limited	Sundry—due 1984-1990	**15,517**	18,868
Canadian Pacific Hotels Limited	8⅝%-11⅜% First Mortgage Sinking Fund Bonds due 1992-1995	—	43,067
	Sundry—due 1983-1993	—	6,345
Canadian Pacific Securities Limited	Bank loan due 1984-1985	**2,140**	3,210
	8¼%-10½% Debentures due 1984-1993	**89,539**	92,150
	11⅞%-17¾% Notes due 1986-1990	**299,836**	223,134
	6⅜%-7½% Sfr. Guaranteed Notes due 1988	**154,230**	154,230
Other companies		**22,694**	40,570
		4,147,494	4,137,928
	Less: Long term debt maturing within one year	**214,367**	217,387
		$3,933,127	$3,920,541

Of the aggregate bank loans of $1,753,316,000 included above, approximately $1,714,990,000 bear interest at rates which fluctuate with bank prime or money market rates.

At December 31, 1983, foreign currency long term debt, denominated principally in United States dollars, translated at current rates would be $1,400,687,000, which is $52,072,000 more than the amount at which it is carried above.

Annual maturities and sinking fund requirements for each of the five years following 1983 are: 1984, $214,367,000; 1985, $236,297,000; 1986, $274,852,000; 1987, $413,177,000; 1988, $555,295,000.

Notes to Consolidated Financial Statements

11. Outside Shareholders' Interest in Subsidiary Companies

(in thousands)	1983	1982
PanCanadian Petroleum Limited	**$ 134,598**	$ 117,969
Cominco Ltd.		
$2.00 Tax deferred exchangeable preferred shares, series A	**43,061**	44,709
Floating rate preferred shares, series C	**50,000**	50,000
$3.25 Cumulative redeemable preferred shares, series D	**50,000**	50,000
Common share equity	**366,254**	353,156
Steep Rock Resources Inc.	**2,531**	12,944
CIP Inc.	**24,782**	29,642
Great Lakes Forest Products Limited	**145,001**	152,537
The Algoma Steel Corporation, Limited		
8% Tax deferred preference shares, series A	**47,725**	50,530
Floating rate preference shares	**80,000**	80,000
$2.00 Cumulative redeemable convertible class B preference shares	**95,000**	—
Common share equity	**261,129**	315,093
AMCA International Limited		
8.84% Cumulative redeemable retractable preferred shares	**75,000**	—
Common share equity	**228,454**	271,650
Other	**11,586**	11,360
	$1,615,121	$1,539,590

12. Capital Stock

(in thousands)

	1983		1982		1981	
	Number	Amount	Number	Amount	Number	Amount
Common Shares						
Balance, January 1	**153,474**	**$1,062,128**	141,356	$ 848,678	140,661	$833,246
Issued for cash	**467**	**10,251**	12,118	213,450	695	15,432
Balance, December 31	**153,941**	**$1,072,379**	153,474	$1,062,128	141,356	$848,678

13. Extraordinary Item

The extraordinary item represents the gain on sale of Canadian Pacific Hotels Limited, effective December 1, 1983, to Canadian Pacific Air Lines, Limited, a wholly-owned subsidiary of Canadian Pacific Limited. The sale proceeds amounted to $125,000,000.

14. Pensions

At December 31, 1983 there were unfunded liabilities, determined by actuarial evaluations, of $207,000,000 (1982-$282,000,000) which is being funded by a series of equal annual payments ending from 1984 to 1998.

Pension expense, including current service costs and payments on account of unfunded liabilities, was $100,000,000 (1982-$113,000,000; 1981-$89,000,000).

15. Commitments

At December 31, 1983 commitments for capital expenditures amounted to $260,000,000 and minimum payments under operating leases were estimated at $247,000,000 in the aggregate, with annual payments in each of the five years following 1983 of:
1984, $49,000,000; 1985, $42,000,000;
1986, $31,000,000; 1987, $24,000,000;
1988, $18,000,000.

At December 31, 1983, unused commitments for long term financing amounted to $1,083,000,000 at interest rates varying with bank prime or money market rates, with commitment fees on $1,036,000,000 ranging from ⅛% to ¼%.

Unused lines of credit for short term financing, subject to customary right of review at any time, repayable on demand and at various maturities up to 365 days, amounted to $1,012,000,000 on which interest varies with bank prime or money market rates.

16. Acquisitions

On July 6, 1982, through an indirect wholly-owned subsidiary, AMCA International made a cash tender offer for any or all of the outstanding common shares of Giddings & Lewis, Inc., a U.S. company engaged in the design, manufacture and sale of machine tools, machine tool accessories and industrial products. As of the conclusion of the tender offer on August 2, 1982, approximately 97% of the shares had been purchased. The remaining shares were acquired on October 4, 1982, pursuant to a merger between Giddings & Lewis and an AMCA subsidiary. The total cost of the acquisition amounted to $389,982,000, of which $105,712,000 was provided from cash on hand and the balance from a bank loan.

On October 1, 1981, a subsidiary of Enterprises acquired all the common stock of CIP Inc. at a cost of $1,102,770,000. The consideration was initially provided by $102,770,000 from cash on hand and $340,000,000 from bank loans; the balance was paid on January 4, 1982, by $150,000,000 from cash on hand and $510,000,000 from bank loans. Maple Leaf Mills Limited acquired in April 1981 Gordon Young Limited, for $4,895,000 in cash and $5,000,000 in notes.

All these acquisitions were accounted for as purchases and consolidated from the dates of acquisition, and, with the exception of CIP Inc., they had no material effect upon the consolidated financial position or consolidated net income of the Corporation.

17. Supplementary Data

The discussion of Canadian and United States Accounting Principles included in Supplementary Data is an integral part of these financial statements.

Supplementary Data

The following supplementary data are provided to comply with certain disclosure requirements of the Securities and Exchange Commission (SEC) of the United States, and recommendations of the Canadian Institute of Chartered Accountants.

Canadian and United States Accounting Principles

The consolidated financial statements of the Corporation have been prepared in accordance with generally accepted accounting principles (GAAP) in Canada, as promulgated by the Canadian Institute of Chartered Accountants. Over the years, a number of differences have developed between the accounting principles generally accepted in Canada and in the United States. For the information of the Corporation's United States shareholders, the major differences are described below and their effect on the Corporation's net income is summarized; their effect on the balance sheet is not significant.

The full cost method of accounting for Oil and Gas as promulgated by the SEC differs from the method followed by the Corporation in a number of respects. The primary differences are that Canadian GAAP permits capitalization of overhead which the SEC requires to be expensed and that Canadian GAAP permits the use of a world-wide full cost pool whereas the SEC requires that the cost centres be established on a country-by-country basis.

The method of recording income from land sales and gains on sale of income properties in proportion to proceeds realized and the sinking fund method of providing depreciation followed by the Real Estate segment in accordance with Canadian GAAP are not acceptable methods under United States GAAP. If United States accounting principles had been followed, income from land sales and gains on sale of income properties would have been recorded in total in the years that the transactions occurred and the straight-line method of depreciation would have been used.

Canadian GAAP permits deferred income tax balances to be carried forward on the balance sheet of an acquired company after a change in control, while United States GAAP requires such balances to be eliminated. Accordingly, when CIP was acquired, its deferred income tax balances were carried forward and since CIP recorded a loss in 1983 and 1982, the tax benefit of the loss carry forward has been recognized to the extent permissible under Canadian GAAP, by reducing deferred income taxes.

Enterprises follows the Canadian practice of translating foreign currency denominated long term debt (excluding the current portion) at historic exchange rates, while United States GAAP requires such debt to be translated at current rates.

(in thousands)	1983	1982	1981	1980	1979
Net Income — Canadian GAAP	**$ 94,301**	$150,144	$404,600	$491,257	$420,329
Increased or (decreased) by:					
Oil and Gas	**(10,600)**	(15,300)	(10,200)	(4,900)	(9,000)
Real Estate	**(8,700)**	(5,300)	(5,500)	(2,500)	(2,700)
Deferred Income Taxes	**(30,200)**	(52,700)	—	—	—
Foreign Exchange	**(2,800)**	(12,600)	6,000	(7,800)	4,975
	(52,300)	(85,900)	(9,700)	(15,200)	(6,725)
Net Income — United States GAAP	**$ 42,001**	$ 64,244	$394,900	$476,057	$413,604
Earnings per Common Share:					
Canadian GAAP	**$ 0.61**	$ 1.05	$ 2.87	$ 3.63	$ 3.36
United States GAAP	**0.27**	0.45	2.80	3.52	3.30

Oil and Gas Reporting

The following information on oil and gas producing activities was prepared in accordance with Financial Accounting Standards Board Statement No. 69. Enterprises' financial statements are prepared utilizing the full cost method of accounting applied on a world-wide cost centre basis, in accordance with Canadian generally accepted accounting principles instead of in accordance with SEC full cost accounting requirements.

Oil and Gas Production, Exploration and Development (Unaudited)

Capitalized Costs

(in thousands)	1983	1982
Conventional petroleum and natural gas properties	$1,882,848	$1,669,849
Accumulated depletion and depreciation	557,842	470,355
	1,325,006	1,199,494
Other—net	318,494	334,919
	$1,643,500	$1,534,413

Costs Incurred in Conventional Oil and Gas Activities

(in thousands)

	Country	Property Acquisition	Exploration	Development
1983	Canada	$21,406	$82,044	$ 77,247
	United States	8,072	14,275	7,962
	Other	45	1,881	—
	Total	$29,523	$98,200	$ 85,209
1982	Canada	$12,890	$62,959	$ 92,108
	United States	8,991	16,366	12,758
	Other	6	7,165	—
	Total	$21,887	$86,490	$104,866
1981	Canada	$12,809	$59,522	$ 88,243
	United States	6,345	20,831	6,021
	Other	39	1,293	—
	Total	$19,193	$81,646	$ 94,264

Supplementary Data

Results of Operations for Producing Activities (Unaudited)

PanCanadian's conventional oil and gas producing activities may be summarized as follows:

	(in thousands)	Canada	United States	Total
1983	Gross operating revenue	$680,518	$19,818	$700,336
	Operating expenses	85,491	3,756	89,247
	Depreciation	27,619	1,071	28,690
		113,110	4,827	117,937
	Net operating revenue	$567,408	$14,991	582,399
	Depletion			59,634
	Income and revenue taxes			280,139
				339,773
	Income from operations			$242,626
1982	Gross operating revenue	$603,572	$17,611	$621,183
	Operating expenses	76,629	2,754	79,383
	Depreciation	23,008	1,027	24,035
		99,637	3,781	103,418
	Net operating revenue	$503,935	$13,830	517,765
	Depletion			53,713
	Income and revenue taxes			241,482
				295,195
	Income from operations			$222,570
1981	Gross operating revenue	$467,398	$17,515	$484,913
	Operating expenses	56,256	2,170	58,426
	Depreciation	17,879	802	18,681
		74,135	2,972	77,107
	Net operating revenue	$393,263	$14,543	407,806
	Depletion			43,974
	Income and revenue taxes			165,696
				209,670
	Income from operations			$198,136

The full cost method of accounting on a world-wide cost centre basis does not permit a meaningful segmentation of depletion. The income and revenue taxes relate to Canada only, as the United States operations are in a non-taxable position.

Oil and Gas Reserves (Unaudited)

PanCanadian's net proved reserves of conventional oil, natural gas and natural gas liquids as estimated by PanCanadian engineers are summarized below. "Net" reserves are the gross reserves underlying the properties in which PanCanadian has either a working interest or a royalty interest, less all royalties and interests owned by others.

	Oil (including natural gas liquids) (thousands of barrels)			Gas (billion cubic feet)		
	Canada	United States	Total	Canada	United States	Total
Net proved reserves—December 31, 1980	99,229	1,005	100,234	2,278	24	2,302
Revisions of previous estimates	9,661	(310)	9,351	128	(5)	123
Extensions and discoveries	7,122	217	7,339	149	1	150
1981 Production	(12,221)	(234)	(12,455)	(99)	(3)	(102)
Net proved reserves—December 31, 1981	103,791	678	104,469	2,456	17	2,473
Revisions of previous estimates	3,363	(5)	3,358	96	2	98
Extensions and discoveries	5,188	292	5,480	126	6	132
1982 Production	(12,244)	(218)	(12,462)	(113)	(2)	(115)
Net proved reserves—December 31, 1982	100,098	747	100,845	2,565	23	2,588
Revisions of previous estimates	7,717	92	7,809	138	(6)	132
Extensions and discoveries	9,264	490	9,754	116	5	121
1983 Production	(13,703)	(249)	(13,952)	(102)	(3)	(105)
Net proved reserves—December 31, 1983	103,376	1,080	104,456	2,717	19	2,736

Proved reserves are considered to be those reserves which geological and engineering data demonstrate with a high degree of certainty to be recoverable in the future at commercial production rates under present depletion methods and current operating conditions, prices and costs. Essentially all of PanCanadian's proved crude oil reserves are considered to be developed and recoverable through existing wells with existing facilities. In the case of PanCanadian's proved natural gas and associated liquids reserves, sufficient wells exist in most instances to meet required initial withdrawal rates from the respective reservoirs. As a result, the natural gas and natural gas liquids reserves are considered to be developed even though additional drilling will be required in certain cases to drain effectively the respective reservoirs in a desirable length of time.

Supplementary Data

Standardized Measure of Discounted Future Net Cash Flows (Unaudited)

The Financial Accounting Standards Board acknowledges that the standardized measure of discounted net cash flows cannot be considered an estimate of fair market value. Likewise it follows that the inclusion of this information should not be interpreted as indicating that Enterprises believes that valid inferences as to the probable measure of fair market value or future economic position can be derived therefrom. The method gives no recognition of the value that can be attributed to unproved acreage or to probable reserves that may be recovered from existing proved properties. The prescribed discount factor of 10% applied uniformly to all conventional oil and gas activities may not be appropriate in all circumstances, and the requirement that oil and gas price increases cannot be anticipated beyond those established at the year end or by existing contractual arrangements may not be realistic over the estimated producing life of the reserves under consideration.

The standardized measure of discounted future net cash flows is set forth below:

	(in thousands)	Canada	United States	Total
1983	Future cash inflows	$10,925,117	$116,878	$11,041,995
	Future production and development costs	2,862,877	25,713	2,888,590
	Future income tax expenses	2,931,840	—	2,931,840
	Future revenue tax expenses	1,162,600	—	1,162,600
	Future net cash flows	3,967,800	91,165	4,058,965
	10% annual discount for estimated timing of cash flows	2,153,365	30,676	2,184,041
	Standardized measure of discounted future net cash flows	$ 1,814,435	$ 60,489	$ 1,874,924
1982	Future cash inflows	$11,085,024	$ 98,578	$11,183,602
	Future production and development costs	2,497,366	21,687	2,519,053
	Future income tax expenses	2,990,681	—	2,990,681
	Future revenue tax expenses	1,281,116	—	1,281,116
	Future net cash flows	4,315,861	76,891	4,392,752
	10% annual discount for estimated timing of cash flows	2,380,517	24,605	2,405,122
	Standardized measure of discounted future net cash flows	$ 1,935,344	$ 52,286	$ 1,987,630

Future net cash flows for 1983 were computed using year end prices and year end statutory tax rates (adjusted for permanent differences) that relate to existing proved oil and gas reserves. 1982 future net cash flows were computed in a like manner except for incorporating the July 1, 1983 oil price increase which was provided for under the terms of the federal-provincial energy pricing and taxation agreements.

Standardized Measure of Discounted Future Net Cash Flows (Unaudited) continued

The following table sets out the principal sources of change in the standardized measure of discounted future net cash flows:

(in thousands)	1983	1982	1981
Standardized measure of discounted future net cash flows at beginning of year	$1,987,630	$2,411,374	$1,434,060
Add:			
Net changes in prices and production costs	—	—	2,645,498
Additions to proved reserves net of capital and production costs	131,268	126,521	147,429
Expenditures that reduced estimated future development costs	19,164	83,210	83,541
Accretion of discount	368,526	520,567	262,751
Revisions of previous estimates	101,553	646,197	—
Net changes in income and revenue taxes	74,108	799,418	—
	694,619	2,175,913	3,139,219
Deduct:			
Net changes in prices and production costs	244,399	2,058,285	—
Sales of oil and gas produced, net of production costs and mineral taxes	562,926	541,372	426,258
Revisions of previous estimates	—	—	134,793
Net changes in income and revenue taxes	—	—	1,600,854
	807,325	2,599,657	2,161,905
Standardized measure of discounted future net cash flows at end of year	$1,874,924	$1,987,630	$2,411,374

Taxation of United States Shareholders

Under the terms of Canadian tax legislation and the United States-Canada tax convention, taxable dividends paid after November 12, 1981 to United States resident shareholders of Enterprises (other than tax exempt organizations) are subject to a Canadian withholding tax of 15%.

Generally, capital gains on the disposition by non-residents of securities issued by Enterprises are exempt from Canadian tax unless the securities are held in the conduct of a Canadian business.

Supplementary Data

Reporting the Effects of Changing Prices (Unaudited)

CICA Recommendations on Reporting the Effects of Changing Prices

Although for many years the accounting profession has considered the problem of developing techniques which will measure the impact of changing prices on an enterprise, there is still no consensus as to what constitutes a proper approach to the problem and as to whether the application of the various techniques results in information that has any practical usefulness.

It is against this background that the Canadian Institute of Chartered Accountants (CICA) has recommended that Canada's largest public companies produce supplementary information about the effects of changing prices. While Enterprises has decided to comply with the recommendations, the Corporation believes that application of the computational techniques prescribed by the CICA results in data that are of limited value.

The CICA itself concedes that application of its recommendations to oil and gas, mining and forest products operations is not always practicable and may not yield meaningful data. Furthermore, in recognition of the difficulties involved, the CICA decided that income producing real estate and insurance operations, among others, should be exempted from its recommendations. Consequently, the results and assets of Marathon Realty Company and Chateau Insurance Company are included at their historical cost amounts.

Information about the Effects of Changing Prices

In preparing information about the effects of changing prices on inventories and properties, it was assumed, in accordance with the CICA's recommendations, that the Corporation's level of operations existing at December 31, 1983, would be maintained through replacement with like assets at current prices. In reality, decisions regarding whether or not assets will be replaced and the manner of replacement will be made in the light of future economic, regulatory, technological and competitive conditions. It must not be assumed, therefore, that the Corporation's operating capability will be maintained in the form and manner assumed in developing the current cost data. Also, it must not be assumed that the CICA approach, which implies that assets are being renewed as they are consumed, reflects the Corporation's asset replacement policy. Assets, if they are to be replaced, will be replaced at intervals which may be lengthy and at a time when revenue levels are likely to support replacement costs.

The assumption that operating capability will be maintained is particularly questionable in the context of the Corporation's natural resource activities. Oil and gas wells and mines are unique in terms of location, ground conditions and potential and, when depleted they cannot be specifically replaced. Even if new reserves in existing quantities could be found, the current cost of finding such reserves would be difficult to determine.

It should be noted that, in accordance with the CICA's recommendations, income taxes as reported in the Corporation's historical cost financial statements have not been restated in computing income on a current cost basis. To call for hypothetical increases to depreciation, cost of goods sold and operating expenses resulting from inflation without giving recognition to a hypothetical reduction in income taxes may significantly overstate the impact of higher prices on an enterprise.

It should also be noted that the new CICA data were necessarily developed on the basis of assumptions and subjective estimates that are not verifiable and the adoption of different, but equally valid, assumptions could produce materially different results.

Bases for Determining Current Costs

A variety of methods was used to determine the current cost of properties, including published indices, manufacturers' prices, appraisal values and engineering estimates. Because there is no generally accepted method for measuring the current cost of replacing existing oil and gas reserves, estimates of the current cost of petroleum and natural gas properties have been compiled by application of indices to historical costs. However, because the activities, and, therefore, the costs required to replace existing reserves are unpredictable, application of indices to historical costs results in current cost estimates that may be grossly misstated.

The current cost of inventories was estimated based on current suppliers' prices, recent manufacturing costs and published price indices.

Supplementary Data

Reporting the Effects of Changing Prices (Unaudited) continued

Statement of Consolidated Income on a Current Cost Basis Assuming Maintenance of Existing Operating Capability

For the Year ended December 31, 1983 (in thousands)		
Income before extraordinary item, historical cost basis		$ 62,866
Adjustments to reflect changes in current costs:		
Cost of goods sold and operating expenses	$ 29,000	
Depreciation, depletion and amortization	336,000	
Gains on disposal of properties	8,000	
	373,000	
Less: Outside shareholders' interest	128,000	245,000
Loss on a current cost basis		(182,134)
Financing adjustment		103,000
Loss attributable to shareholders on a current cost basis		$ (79,134)

Note:

The provision for income taxes of $103,911,000 has not been adjusted from the amount reflected in the Corporation's historical cost financial statements. If the adjustments to reflect changes in current costs were tax affected, the reduction in the Corporation's income tax expense would result in the net income attributable to shareholders being approximately	$ 29,000

The Corporation's income on a current cost basis for 1983, which has been prepared in accordance with, and which reflects the inherent limitations of the techniques prescribed by the CICA, is below historical cost income. This is primarily due to significantly higher charges ($336,000,000) for depreciation, depletion and amortization. Included in the higher depreciation charges, however, are estimated amounts totalling $163,000,000 for oil and gas and mining operations — activities for which the CICA recommendations have little relevance.

On the assumption that the Corporation will continue to use a combination of debt and equity to finance its operations, the financing adjustment provides a measure of the extent to which shareholders will be shielded from the higher costs of replacing inventories and properties. The CICA recommendations require that the financing adjustment, which reflects the portion of current cost increases financed through net borrowings, be shown on two bases. The adjustment of $103,000,000 which is reflected in the Corporation's current cost income attributable to shareholders is based on the total increase in current costs during 1983. If the financing adjustment had been based on the current cost adjustments to income, it would have amounted to $94,000,000.

Reporting the Effects of Changing Prices (Unaudited) continued

Schedule of Consolidated Assets on a Current Cost Basis

December 31, 1983 (in thousands)

	Historical Cost Basis	Current Cost Basis
Inventories	$1,691,413	$ 1,755,000
Properties (net)	7,716,448	12,376,000
Net Assets (shareholders' equity)	2,965,827	6,232,000

Net assets on a current cost basis consist of shareholders' equity on a historical cost basis, plus the difference (net of outside shareholders' interest) between the current and historical cost of inventories and properties.

Other Supplementary Information

For the Year ended December 31, 1983 (in thousands)

Increase in the current cost amounts of inventories and properties	$410,000
Effect of general inflation	555,000
Excess of the effect of general inflation over the increase in current cost	$145,000
Gain in general purchasing power from having net monetary liabilities	$225,000

Included under Other Supplementary Information are additional data called for by the CICA. The increase in the current cost amounts of inventories and properties, less the effect of general inflation, indicates that during 1983 the value of the Corporation's assets, measured in current costs, increased at a lower rate than the rate of general inflation as measured by the Consumer Price Index.

The gain in general purchasing power from having net monetary liabilities represents the benefit to the Corporation from financing part of its operations with debt which, because of inflation, has declined in real terms.

Supplementary Data

Reporting the Effects of Changing Prices (Unaudited) continued

Reserve Data

The CICA requires certain quantity disclosures for companies with interests in mineral and oil and gas reserves. The disclosures covering oil and gas reserves are included as Supplementary Data under Oil and Gas Reporting.

Major Proven and Probable Ore Reserves	December 31 1982	Changes During the Year (in thousands of short tons) Production	Discoveries	Revisions	December 31 1983
Cominco Ltd.					
Sullivan, Pine Point (69.1% owned), Polaris, Black Angel (62.5% owned) and Magmont Mines (50% owned)	102,400	(6,000)	12,200	(8,800)	99,800
Con-Rycon Mine	2,100	(209)	171	(162)	1,900
Buckhorn Mine	—	—	5,100	—	5,100
Valley Mine	500,000	(7,900)	—	16,900	509,000
Warm Springs Mine	7,300	(188)	588	—	7,700
Vade Mine	155,000	(3,353)	—	353	152,000
Fording Coal Limited					
Fording River Operations	238,800	(3,100)	—	1,300	237,000
Thermal Coal	2,133,000	(4,200)	—	(72,000)	2,056,800
The Algoma Steel Corporation, Limited					
Wawa Mine	50,702	(1,270)	—	(4,092)	45,340
Tilden Mine (30% owned)	81,249	(1,346)	—	—	79,903
Cannelton Mines					
Metallurgical Coal	186,300	(1,716)	—	225	184,809
Thermal Coal	80,000	(520)	—	(396)	79,084

The reserve and production quantities listed for the associated companies of Cominco represent the full amounts and not Cominco's share. The reserve and production quantities for the Tilden Mine represent Algoma's share only.

The reserve and production quantities included above for Cominco are stated in tons of ore, while the quantities for Algoma are stated in product tons of sinter (48% iron) and pellets (65% iron) at the Wawa and Tilden Mines respectively. The reserve and production quantities noted for Fording Coal, and Algoma's Cannelton Mines, are stated in short tons of cleaned coal.

Fording currently receives only a royalty from the production of its thermal coal reserves.

Total expenditures on exploration for minerals in the year 1983 amounted to $36,000,000.

Reporting the Effects of Changing Prices (Unaudited) continued

Mineral Content of Reserves and Production

		Minerals Contained in Reserves December 31 1983	1982	Production During Year (tons are short tons)	
Cominco Ltd.					
Sullivan, Pine Point, Polaris, Black Angel and Magmont Mines	Lead	4.1%	4.0%	313,600 tons	(concentrate)
	Zinc	7.6%	7.0%	666,000 tons	(concentrate)
	Silver (Sullivan and Black Angel only)	1 oz. per ton	1 oz. per ton		
Con-Rycon Mine	Gold	0.44 oz. per ton	0.47 oz. per ton	70,500 oz.	
Valley Mine	Copper	0.475%	0.475%	36,700 tons	(contained metal)
Warm Springs Mine	P_2O_5	30.0%	30.0%	188,000 tons	(phosphate rock)
Vade Mine	K_2O	25.3%	25.3%	1,123,000 tons	(concentrate)

Supplementary Data

1983 Quarterly Financial Information (Unaudited)

(in thousands)	For the Three Months ended	March 31	June 30	September 30	December 31
Oil and Gas	Gross operating revenue	$226,602	$207,823	$200,215	$249,747
	Expenses including income and revenue taxes	160,419	154,334	146,579	181,964
		66,183	53,489	53,636	67,783
	Interest of outside shareholders	8,551	6,911	6,929	8,758
	Net income	57,632	46,578	46,707	59,025
Mines and Minerals	Gross operating revenue	339,216	479,951	334,210	458,171
	Expenses including income taxes	356,443	485,254	352,719	455,393
		(17,227)	(5,303)	(18,509)	2,778
	Interest of outside shareholders	(8,172)	(1,149)	(6,116)	2,659
	Net income	(9,055)	(4,154)	(12,393)	119
Forest Products	Sales and operating revenue	400,333	462,761	480,542	488,541
	Expenses including income taxes	441,403	494,048	502,581	509,703
		(41,070)	(31,287)	(22,039)	(21,162)
	Interest of outside shareholders	(5,689)	(3,977)	(3,845)	(3,235)
	Net income	(35,381)	(27,310)	(18,194)	(17,927)
Iron and Steel	Sales and operating revenue	529,554	607,259	634,150	683,642
	Expenses including income taxes	560,571	646,243	679,944	733,081
		(31,017)	(38,984)	(45,794)	(49,439)
	Interest of outside shareholders	(9,994)	(16,198)	(20,254)	(25,362)
	Net income	(21,023)	(22,786)	(25,540)	(24,077)
Real Estate	Gross rentals and other income	66,636	62,544	72,333	72,570
	Expenses including income taxes	57,568	58,370	65,588	66,346
		9,068	4,174	6,745	6,224
	Interest of outside shareholders	82	96	101	71
	Net income	8,986	4,078	6,644	6,153
Agriproducts	Gross operating revenue	244,157	293,716	324,380	367,098
	Expenses including income taxes	241,696	288,970	317,352	358,184
		2,461	4,746	7,028	8,914
	Interest of outside shareholders	583	504	649	811
	Net income	1,878	4,242	6,379	8,103
Other Businesses	Gross operating revenue	70,976	87,755	100,303	63,876
	Expenses including income taxes	72,215	83,288	90,034	62,091
	Net income	(1,239)	4,467	10,269	1,785
Financial	Gross operating revenue	34,587	35,642	35,249	36,770
	Expenses including income taxes	32,297	34,015	33,556	33,480
	Net income	2,290	1,627	1,693	3,290
	Income before extraordinary item	4,088	6,742	15,565	36,471
	Extraordinary item	—	—	—	31,435
Net Income		$ 4,088	$ 6,742	$ 15,565	$ 67,906
Earnings per Share					
	Income before extraordinary item	3¢	4¢	10¢	24¢
	Net income	3¢	4¢	10¢	44¢

1982 Quarterly Financial Information (Unaudited)

(in thousands)	For the Three Months ended	March 31	June 30	September 30	December 31
Oil and Gas	Gross operating revenue	$184,508	$177,452	$190,958	$239,681
	Expenses including income and revenue taxes	132,515	129,196	132,264	167,958
		51,993	48,256	58,694	71,723
	Interest of outside shareholders	6,717	6,235	7,583	9,267
	Net income	45,276	42,021	51,111	62,456
Mines and Minerals	Gross operating revenue	338,326	495,293	349,043	371,672
	Expenses including income taxes	353,046	473,183	368,602	382,570
		(14,720)	22,110	(19,559)	(10,898)
	Interest of outside shareholders	(6,128)	9,066	(8,511)	(4,296)
	Net income	(8,592)	13,044	(11,048)	(6,602)
Forest Products	Sales and operating revenue	474,870	421,010	374,990	383,258
	Expenses including income taxes	478,281	441,382	406,100	421,025
		(3,411)	(20,372)	(31,110)	(37,767)
	Interest of outside shareholders	5,194	875	2,116	(3,501)
	Net income	(8,605)	(21,247)	(33,226)	(34,266)
Iron and Steel	Sales and operating revenue	774,060	667,287	611,247	627,877
	Expenses including income taxes	724,400	643,615	652,718	663,936
		49,660	23,672	(41,471)	(36,059)
	Interest of outside shareholders	27,840	20,530	(15,157)	(11,694)
	Net income	21,820	3,142	(26,314)	(24,365)
Real Estate	Gross rentals and other income	65,024	60,924	54,473	70,644
	Expenses including income taxes	55,119	55,597	50,564	63,218
		9,905	5,327	3,909	7,426
	Interest of outside shareholders	83	85	94	93
	Net income	9,822	5,242	3,815	7,333
Agriproducts	Gross operating revenue	257,632	301,413	275,887	302,541
	Expenses including income taxes	253,303	294,460	273,605	297,296
		4,329	6,953	2,282	5,245
	Interest of outside shareholders	427	529	544	689
	Net income	3,902	6,424	1,738	4,556
Other Businesses	Gross operating revenue	70,706	84,490	95,885	76,279
	Expenses including income taxes	69,966	80,212	87,314	74,600
	Net income	740	4,278	8,571	1,679
Financial	Gross operating revenue	35,309	39,393	58,369	36,472
	Expenses including income taxes	30,537	34,162	43,933	33,472
	Net income	4,772	5,231	14,436	3,000
Net income		$ 69,135	$ 58,135	$ 9,083	$ 13,791
Earnings per Share					
	Net income	49¢	41¢	6¢	9¢

Five-Year Summary

(Figures in thousands, except amounts per share)	1983	1982	1981	1980	1979
Revenues	**$ 8,652,239**	$ 8,494,663	$ 8,558,759	$6,659,250	$5,297,895
Consolidated income					
Oil and gas	**$ 209,942**	$ 200,864	$ 177,414	$ 210,182	$ 144,405
Mines and minerals	**(25,483)**	(13,198)	37,662	98,638	129,712
Forest products	**(98,812)**	(97,344)	16,227	45,569	47,677
Iron and steel	**(93,426)**	(25,717)	93,586	61,206	60,223
Real estate	**25,861**	26,212	24,027	20,991	19,241
Agriproducts	**20,602**	16,620	19,938	9,674	4,892
Other businesses	**15,282**	15,268	16,866	11,802	4,046
Financial	**8,900**	27,439	18,880	33,195	10,133
Income before extraordinary item	**62,866**	150,144	404,600	491,257	420,329
Extraordinary item	**31,435**	—	—	—	—
Net Income	**$ 94,301**	$ 150,144	$ 404,600	$ 491,257	$ 420,329
Total assets	**$11,933,895**	$12,017,478	$11,241,120	$8,496,146	$7,009,867
Total long term debt	**$ 4,147,494**	$ 4,137,928	$ 3,456,949	$2,027,113	$1,744,856
Outside shareholders' interest in subsidiary companies	**1,615,121**	1,539,590	1,508,794	1,377,625	1,150,535
Shareholders' equity	**2,965,827**	2,984,282	2,760,662	2,498,562	1,906,808
Total capitalization	**$ 8,728,442**	$ 8,661,800	$ 7,726,405	$5,903,300	$4,802,199
Dividends					
Preferred Shares	**$ —**	$ —	$ —	$ 22	$ 35
Common Shares	**$ 123,007**	$ 138,377	$ 157,932	$ 137,973	$ 92,221
Number of Shares Outstanding					
Common — actual	**153,941**	153,474	141,356	140,661	131,908
— average	**153,736**	142,990	140,972	135,335	125,205
Preferred — actual	**Nil**	Nil	Nil	Nil	35
Per Common Share					
Income before extraordinary item	**$ 0.41**	$ 1.05	$ 2.87	$ 3.63	$ 3.36
Net income	**$ 0.61**	$ 1.05	$ 2.87	$ 3.63	$ 3.36
Dividends — paid quarterly; semi-annual prior to 1980	**$ 0.80**	$ 0.96	$ 1.12	$ 1.005	$ 0.725

Directors

M. Norman Anderson,
Chairman and Chief Executive Officer,
Cominco Ltd., Vancouver

F. S. Burbidge,*
Chairman and Chief Executive Officer,
Canadian Pacific Limited, Montreal

Robert W. Campbell,*
Vice-Chairman and Chief Executive Officer,
Canadian Pacific Enterprises Limited, Calgary

Stuart E. Eagles,*
President,
Canadian Pacific Enterprises Limited, Calgary

Thomas M. Galt,
Chairman and Chief Executive Officer,
Sun Life Assurance Company of Canada, Toronto

C. Merv Leitch, Q.C.,
Partner,
Macleod Dixon, Calgary

John Macnamara,
Chairman and Chief Executive Officer,
The Algoma Steel Corporation, Limited, Sault Ste. Marie

Angus A. MacNaughton,†
Chairman and Chief Executive Officer,
Genstar Corporation, San Francisco

W. Earle McLaughlin,*†
Corporate Director, Montreal

Paul A. Nepveu,
Chairman of the Board,
CIP Inc., Montreal

The Hon. John L. Nichol, O.C.,
President,
Springfield Investment Co. Ltd., Vancouver

Paul L. Paré,*
Chairman and Chief Executive Officer,
Imasco Limited, Montreal

Neil F. Phillips, Q.C.,†
Partner,
Phillips & Vineberg, Montreal

C. Douglas Reekie,*†
President and Chief Executive Officer,
CAE Industries Ltd., Toronto

The Hon. Ian D. Sinclair, O.C., Q.C.,
Chairman,
Canadian Pacific Enterprises Limited, Toronto

R. D. Southern,
President and Chief Executive Officer,
ATCO Ltd., Calgary

William W. Stinson,
President,
Canadian Pacific Limited, Montreal

Ray D. Wolfe,*
Chairman and Chief Executive Officer
The Oshawa Group Limited, Toronto

*Member of Executive Committee
†Member of Audit Committee

Officers

The Hon. Ian D. Sinclair, O.C., Q.C.,
Chairman, Toronto

Robert W. Campbell,
Vice-Chairman and Chief Executive Officer, Calgary

Stuart E. Eagles,
President, Calgary

L. T. Beare,
Vice-President and General Counsel, Calgary

J. F. Hankinson,
Vice-President Finance and Accounting, Calgary

G. S. MacLean,
Vice-President Administration and Secretary, Calgary

R. A. Norris,
Comptroller, Calgary

B. J. Zafirian,
Treasurer, Toronto

Directorate

Mr. W. J. Stenason, who served as a director since 1974 and as President of the Corporation since 1979, resigned effective June 30, 1983.

Mr. Stuart E. Eagles was elected a director and President of the Corporation effective July 1, 1983, to fill the vacancy created by Mr. Stenason's resignation.

Principal Subsidiary Companies

***PanCanadian Petroleum Limited**
Bartlett B. Rombough, President
PanCanadian Plaza
P.O. Box 2850
Calgary, Alberta
T2P 2S5

***Cominco Ltd.**
M. N. Anderson, Chairman
200 Granville Square
Vancouver, British Columbia
V6C 2R2

Fording Coal Limited
J. H. Morrish, President
Natural Resources Building
205-9th Avenue S.E.
Calgary, Alberta
T2G 0R4

***Steep Rock Resources Inc.**
L. J. Lamb, Chairman and President
40 University Avenue
Toronto, Ontario
M5J 2G5

CIP Inc.
C. S. Flenniken, President
1155 Metcalfe Street
1416 Sun Life Building
Montreal, Quebec
H3B 2X1

***Great Lakes Forest Products Limited**
C. J. Carter, Chairman and President
P.O. Box 430
Thunder Bay, Ontario
P7C 4W3

Pacific Forest Products Limited
W. M. Sloan, President
P.O. Box 10
468 Belleville Street
Victoria, British Columbia
V8W 2M3

***The Algoma Steel Corporation, Limited**
John Macnamara, Chairman
503 Queen Street East
Sault Ste. Marie, Ontario
P6A 5P2

***AMCA International Limited**
K. S. Barclay, Chairman and President
200 Ronson Drive, Suite 607
Rexdale, Ontario
M9W 5Z9

***Marathon Realty Company Limited**
D. King, President
Suite 1100, University Place
123 Front Street West
Toronto, Ontario
M5J 2M2

***Maple Leaf Mills Limited**
R. S. DeMone, President
P.O. Box 710
Station "K"
Toronto, Ontario
M4P 2X5

Baker Commodities, Inc.
J. M. Andreoli, President
4020 Bandini Boulevard
Los Angeles, California 90023
U.S.A.

Canadian Pacific Enterprises (U.S.) Inc.
R. J. Theis, Chairman
Suite 1550, One Lincoln Center
Syracuse, New York 13221
U.S.A.

Syracuse China Corporation
C. D. Amond, President
2900 Court Street
P.O. Box 4820
Syracuse, New York 13221
U.S.A.

Processed Minerals Incorporated
J. David, Chairman
1800 Carey Blvd.
P.O. Box 459
Hutchinson, Kansas 67501
U.S.A.

***Canadian Pacific Securities Limited**
J. F. Hankinson, Chairman
20 King Street West
Toronto, Ontario
M5H 1C4

Chateau Insurance Company
R. J. McCormick, President
Suite 2900
2300 Yonge Street
Toronto, Ontario
M4P 2X3

*A copy of the 1983 annual report of this company can be obtained by writing to its Secretary at the address above.

Common Share Market Prices

	Montreal and Toronto Stock Exchanges				New York Stock Exchange			
	1983		1982		1983		1982	
	High	Low	High	Low	High	Low	High	Low
First Quarter	**$22¾**	**$17½**	$18⅝	$15¼	**U.S. $18⅜**	**U.S. $14⅛**	U.S. $15⅝	U.S. $12⅝
Second Quarter	**25¾**	**21½**	15¾	13	**20⅝**	**17¼**	12⅞	9⅞
Third Quarter	**25⅞**	**20¾**	19	12⅞	**20⅞**	**17⅛**	15⅜	9⅞
Fourth Quarter	**24½**	**20¾**	19⅜	15½	**19½**	**16½**	15⅞	12½
Year	**25⅞**	**17½**	19⅜	12⅞	**20⅞**	**14⅛**	15⅞	9⅞

Common Share Listings

Canada—
Alberta, Montreal, Toronto and Vancouver Stock Exchanges
United States—
New York Stock Exchange

Europe—
London, England and Amsterdam, The Netherlands

Transfer Agents and Registrars

Montreal Trust Company,
Calgary, Montreal,
Toronto, Winnipeg,
Regina and Vancouver.

Morgan Guaranty Trust Company of New York,
New York, New York.
The Royal Trust Company,
London, England.

Common Share Holdings December 31, 1983

Common shares outstanding 153,941,264, of which 107,941,718 were owned by Canadian Pacific Limited and the remainder by 32,109 shareholders, of whom 96.4% were Canadian Registrants.

Form 10-K

A copy of the Corporation's Form 10-K filed with the Securities and Exchange Commission will be provided without charge on written application to the Vice-President Administration and Secretary, at the Corporation's Registered Office.

Registered Office

Suite 2300, One Palliser Square,
125 - 9th Avenue S.E., Calgary,
Alberta, Canada T2G 0P6

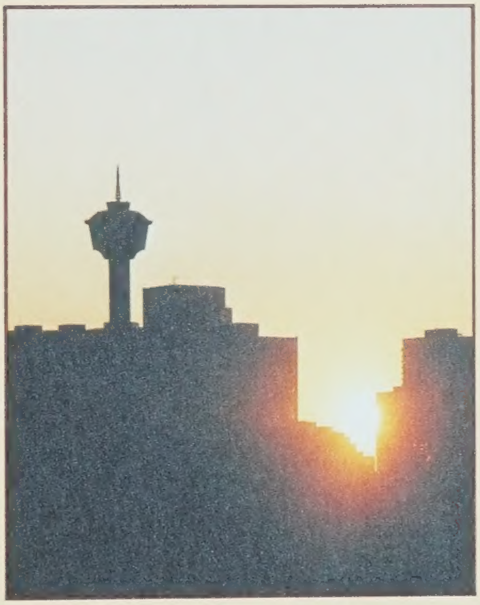
Geographic Distribution of Net Property Investment

At December 31, 1983

		Properties at Cost, less Depreciation (millions)	Percent of Total
Canada	Atlantic Provinces	$ 284	4%
	Quebec	818	11
	Ontario	2,141	28
	Manitoba and Saskatchewan	180	2
	Alberta	1,590	21
	B.C.	1,243	16
	N.W.T., Yukon and Offshore	345	4
		6,601	86
Outside Canada	United States	1,022	13
	Other	93	1
		1,115	14
Total		$7,716	100%

Version française

Si vous désirez vous procurer la version française du présent rapport, veuillez vous adresser au vice-président, Administration et secrétaire, Les Entreprises Canadien Pacifique Limitée, Suite 2300, 125 - 9th Avenue S.E., Calgary, Alberta T2G 0P6.



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